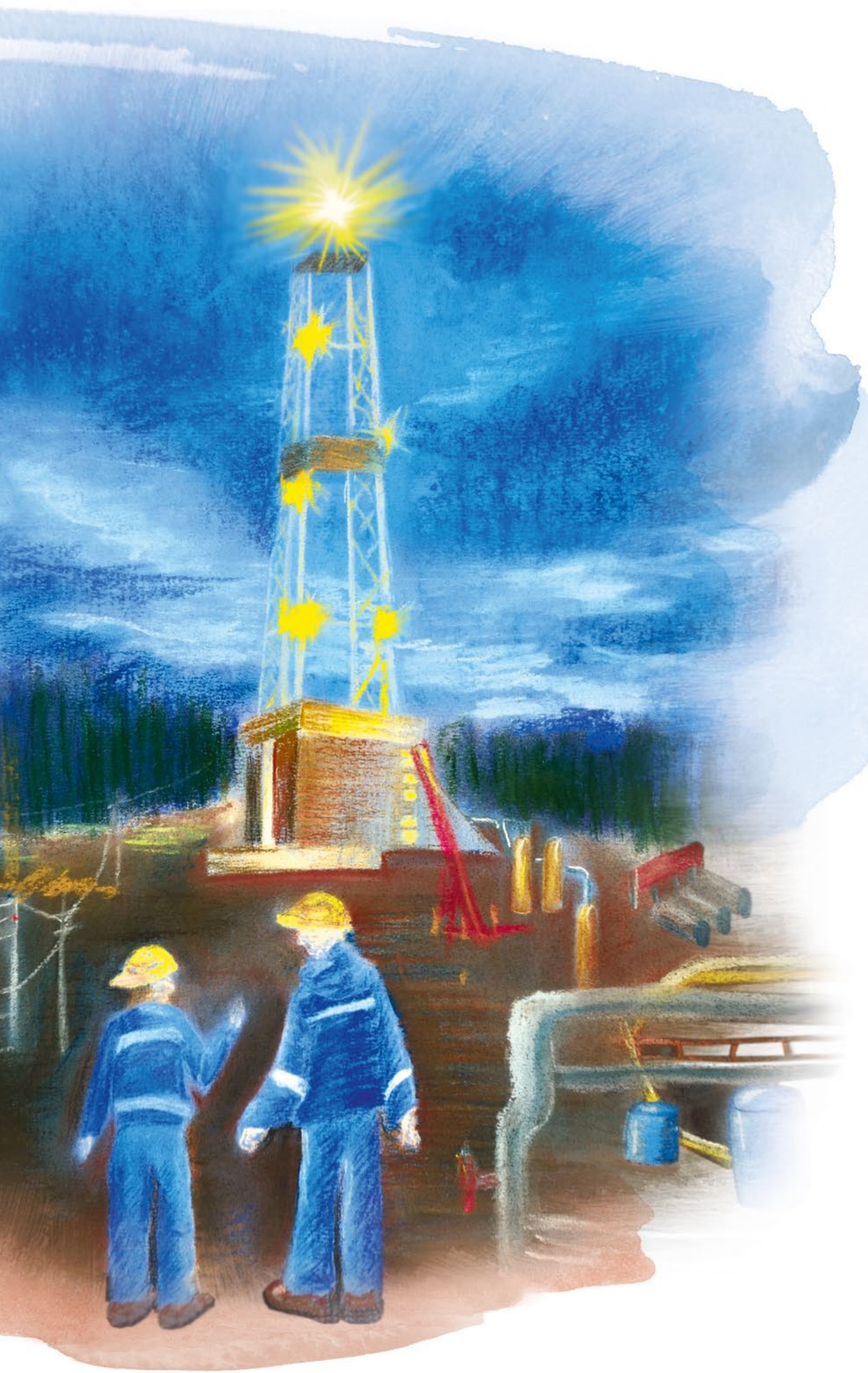

GAZPROM

BENEFITING PEOPLE

GAZPROM GROUP'S SUSTAINABILITY REPORT

2018

GAZPROM GROUP'S SUSTAINABILITY REPORT 2018

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Message from Gazprom CEO

Dear friends,

The Gazprom Group is among the leaders of the global energy market. Our operations influence the lives of millions of people both in Russia and abroad. Therefore, the needs and interests of society are at the core of our large-scale activities.

Gazprom's top priorities include reliable gas supply to consumers, environmental protection, ensuring safe labour conditions and staff development, as well as facilitating social and economic development of the Russian regions.

Consumer access to natural gas is a prerequisite for a high quality of life. Gazprom is the key supplier of this energy source to the Russian market and its largest exporter globally. In 2018, we sold 201.9 bcm of gas abroad. The share of our gas consumed in Europe increased to 36.8%. Domestic supplies increased as well: in 2018, they amounted to 239.7 bcm. The gas penetration rate in the Russian regions reached 68.6%.

Gazprom takes due care of energy resources replenishment. In 2018, we added 796.6 bcm of gas in Russia as a result of geological exploration activities, which is 1.6 times more than was produced during the Reporting Year. For 14 years running, we have maintained gas reserves growth rate above production rates.

We focus a lot on environmental matters: improvement of the energy efficiency of our operations, sustainable use of natural resources, and minimization of environmental footprint. To that end, Gazprom implements a comprehensive set of activities,

in particular, it develops the Environmental Management System, upgrades production facilities, introduces energy-efficient equipment and innovative green technologies, and consistently reduces greenhouse gas emissions. Gazprom is also paving the way for converting motor vehicles to natural gas as the most efficient and environmentally friendly type of fuel. In 2018, Gazprom built more than 20 NGV refuelling stations in Russia, and the Company's country-wide network of refuelling stations now comprises more than 300 facilities.

Our environmental protection efforts are highly appreciated by reputable experts. Gazprom has the lowest carbon footprint among the leading global oil and gas companies according to the international climate ranking of the Carbon Disclosure Project (CDP). Moreover, the Company traditionally holds the top position in the "Energy" Section of the CDP ranking for Russia.

Gazprom does not rest on its laurels. During the Reporting Year, the Company signed the Guiding Principles on Reducing Methane Emissions Across the Natural Gas Value Chain. We will continue working in this direction and promoting these ideas among other market participants.

The Gazprom Group is one of the largest employers in the Russian Federation, with its team comprising over 466,000 people. We ensure advanced labour safety and strictly adhere to regulatory requirements. We carry out comprehensive work aimed at advanced training and professional retraining of our employees.

Gazprom is a socially responsible Company. We support sports, culture and arts, and provide assistance to educational and healthcare institutions. For instance, the Gazprom Group participated in the construction and launch of the first Palliative Care Centre in the Toksovo settlement, Leningrad Region, for children suffering from oncological diseases and infant cerebral palsy, which was opened in 2018. Gazprom on an annual basis provides financial support to the St. Petersburg State Autonomous Healthcare Institution "Hospice for Children" in order to ensure the procurement of pharmaceuticals and expendable medical materials.

We pay the utmost attention to the preservation of the original living environment, local economy and trade of the indigenous peoples of the North where the core resource base of Gazprom is located. For example, we build our production facilities in such a way that they would not interfere with the traditional lifestyle of the local population.

For more than ten years, we have been implementing the "Gazprom for Children" Program which is a unique project in terms of its scale. In 2018, the Program covered 25 regions of Russia, and the construction of 51 sports facilities was completed within its framework.

Gazprom develops steadily and shows strong financial performance. In 2018, we achieved record-high levels of revenue, EBITDA and net income. The positive free cash flow was preserved amid simultaneous implementation of several large-scale infrastructure projects. The total taxes and fees of similar kind paid by Gazprom exceeded RUB 3.2 trillion in 2018, which is 28% more than in 2017.

On the basis of the outcomes of the Reporting Year, it was resolved to pay record-high dividends to shareholders in the amount of RUB 393.2 billion, or RUB 16.61 per share, which is an unprecedentedly high dividend payout in the history of Gazprom.

Dear friends,

Sustainable development remains an invariable guiding principle for us. We will continue pursuing it in our work for the sake of the present and future generations.

Alexey Miller,
Chairman of the Gazprom Management Committee

GAZPROM GROUP'S POSITION IN NATIONAL AND GLOBAL ENERGY INDUSTRY

16%

Global leader by natural gas reserves

World's largest natural gas exporter

69%

of Russia's natural gas output

First among local peers to commence underwater gas extraction

Operator of Russia's Unified Gas Supply System (UGSS)

12%

Global leader by natural gas production

Owner of the world's largest network of high-pressure natural gas trunk pipelines

10%

of domestic heat energy generation

Pioneer in the development of Russia's Arctic offshore resources

12%

of Russia's crude oil and gas condensate output

Largest domestic heat energy producer

OVER 50%

of Russia's natural and associated gas processing

Key natural gas supplier in Russia and the FSU

14%

of domestic electric power generation

Owner of the world's largest underground natural gas storage capacity

18%

of domestic oil refining and stable gas condensate processing

Russia's best energy company in terms of corporate climate reporting and greenhouse gas emission reduction strategy rated in the CDP Climate Performance Leadership Index

ABOUT THE REPORT

The Sustainability Report of the Gazprom Group (hereinafter also referred to as "Gazprom" or "the Group") for the year 2018 (hereinafter also referred to as "the Report") contains the information on economic, social, and environmental performance of Gazprom. This is the seventh Sustainability Report published by the Group.

GRI 102-51

Sustainability Reports are published annually since 2016. The previous report was published in September 2018.

In order to improve the sustainability reporting system, PJSC Gazprom (hereinafter also referred to as "the Company") adopted the following documents in 2018: *Procedure for Preparation, Publishing and Distribution of the Report* and *Regulation on Permanent Task Force for Report Preparation*. The Task Force is in charge of coordination and improvement of the internal corporate processes as related to the Report preparation, as well as of establishing the mechanisms for interaction with stakeholder groups in order to ensure that their opinions are fully taken into account in the course of the Report preparation.

GRI 102-32 GRI 102-45 GRI 102-46 GRI 102-50 GRI 102-52 GRI 102-54 GRI 102-56

Report name	Gazprom Group's Sustainability Report 2018
Reporting boundaries	In compliance with the principles for including companies in the consolidated financial statements under IFRS 10 "Consolidated Financial Statements", unless stated otherwise
Reporting period	From January 1 to December 31, 2018 (calendar year)
Reporting cycle	Annual
Report preparation option	This Report has been prepared in accordance with the GRI Standards: Core option
Position of the person officially verifying and approving the report	The Report is approved by the Chairman of the Management Committee of PJSC Gazprom

The Report takes into account the opinions of the stakeholders. In 2018, the stakeholders deemed the following aspects of the operations most material: economic performance of the Gazprom Group, gas infrastructure development in the Russian regions, compliance with the social, economic and environmental provisions of the legislation, the steps taken by the Gazprom Group to preserve satisfactory water condition in the regions of operations, waste management, emissions management, energy saving and energy efficiency. Those topics are disclosed in the Report in detail, along with other ones.

In order to enable data comparison and correlation, information on the majority of the key indicators is presented in evolution, covering the four-year period from 2015 to 2018. Disaggregated data provided throughout this Report may not add up precisely to the indicator totals presented in consolidated financial statements and management accounts due to rounding. The Report also contains forecast information reflecting the plans of the Group. Subsequent actuals may differ from such forecasts because they are driven by certain objective factors.

GRI 102-46

The list of companies within the Gazprom Group whose performance is covered by this Report has been built on the basis of consolidation principles under IFRS 10 "Consolidated Financial Statements", unless specified otherwise. Due to the existing differences in data gathering and consolidation, certain groups of disclosures have their individual boundaries specified in the Appendix.

The information on the boundaries of the Gazprom Group's Sustainability Report is provided in Appendix 6 (p. 193).

The Report is published in the Russian and English languages. It is available at the web site of Gazprom www.gazprom.com. The printed version is distributed to the key stakeholders by direct mail.

Information on the principles of the Gazprom Group's Sustainability Report preparation is provided in Appendix 6 (p. 193).

GRI 102-56

In order to enhance the credibility of the information featured in the Report and verify its compliance with the GRI reporting principles, Gazprom applies the external assurance procedure. The Gazprom Group's Sustainability Report for the year 2018 was audited by an independent professional auditor — Financial and Accounting Consultants LLC[1], and, with respect to non-financial reporting, it was endorsed by the Russian Union of Industrialists and Entrepreneurs acting on behalf of the public.

DEFINITION OF MATERIAL TOPICS TO BE COVERED IN THE REPORT

GRI 102-46

The Gazprom Group interprets material issues as such topics that reflect material impacts of the Group on the economy, environment, staff and society, as well as the topics that may significantly influence the assessments and decisions of the stakeholder groups.

In the course of the Report preparation, the material topics were ranked on the basis of two criteria: the topic's importance for the stakeholders and the significance of the Gazprom Group's impact with regard to the topic.

The material topics were defined using a three-stage process: creating the list of potential material issues (questionnaire development), surveying stakeholder groups and the Task Force members, development of the materiality matrix for material topics.

During the first stage of developing the list of potential material topics, the non-financial reporting of the Russian and international energy companies and media publications were analysed, consultations with the experts were held and recommendations of the investment community representatives were taken into account. While developing the list of material topics, Gazprom also relied upon the Principles of the United Nations Global Compact, provisions of the Social Charter of the Russian Business, non-financial GRI Standards for sustainability reporting and the national standard GOST R ISO 26000:2012.

GRI 102-49 GRI 102-43

The list of potential material topics was extended as a result of stakeholder engagement. Two new topics were added to the list: "Gas infrastructure expansion in Russian regions" and "Natural gas vehicle fuel market development".

At the second stage, the material topics were defined by surveying the stakeholder groups. Representatives of nine[2] such groups from more than 50 constituent entities of the Russian Federation and certain foreign countries participated in the survey. Over 1,500 questionnaires were collected and processed during the survey. The respondents were proposed to rank each topic on a scale from 1 to 3, where 1 means low importance and 3 means high importance.

In addition, 24 members of the Task Force established the extent of the Gazprom Group's impact upon each topic using expert judgement.

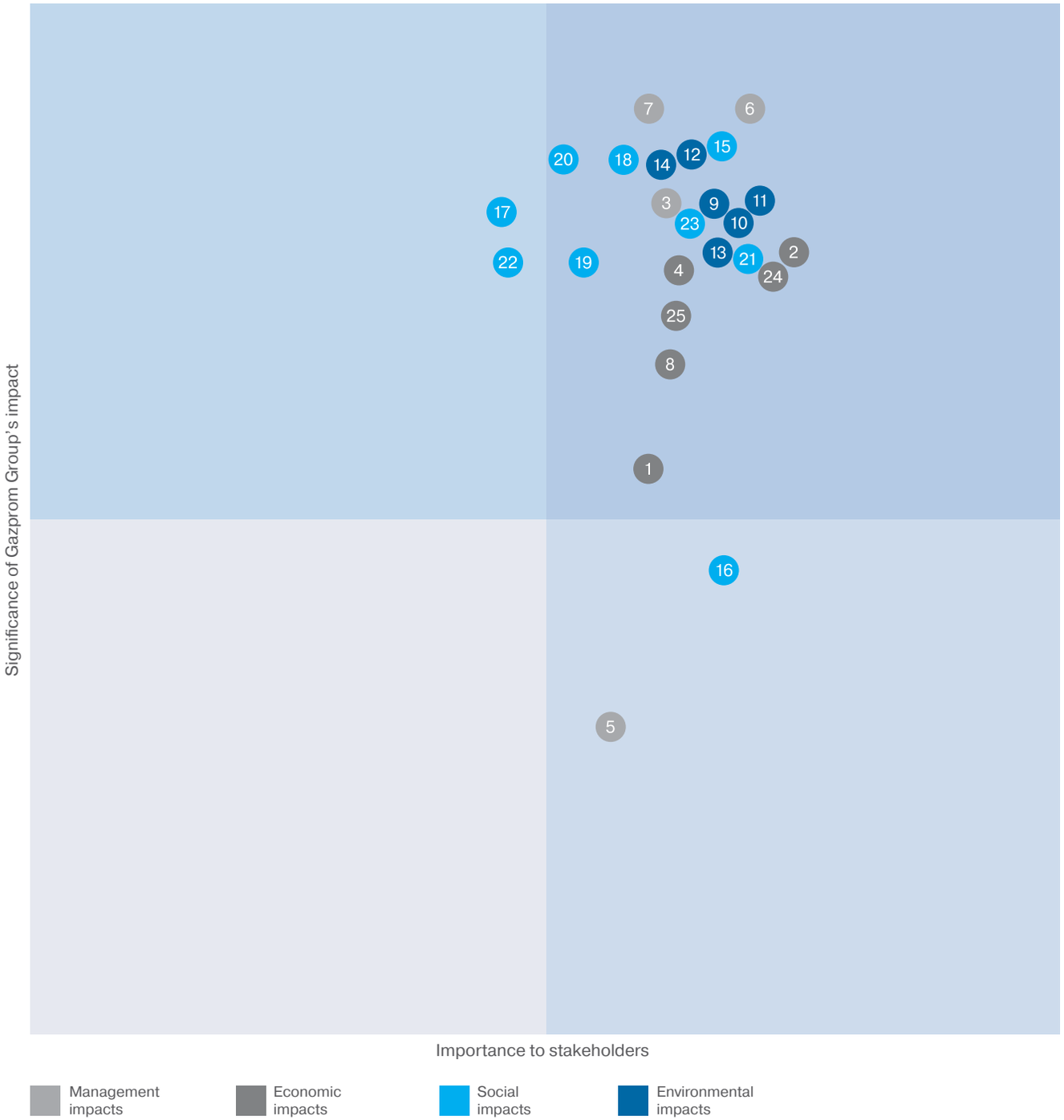
At the third stage, the materiality matrix was developed and priority topics that should be mandatorily included in the Report were identified.

Materiality Definition Process

Stage	Methods used	Outcome
1. Compiling the list of potential material topics	Analysis of non-financial reporting of other companies in the same sector and the list of GRI disclosures taking into account the specifics of the sector	List of 25 topics
2. Surveying the representatives of stakeholder groups and Task Force members	Survey and expert judgement methods	Ranked lists of material topics provided by stakeholder groups and Task Force members
3. Materiality matrix development	The significance of the Gazprom Group's impact within the material topics is shown along the vertical axis, and the importance of the issues for stakeholder groups is shown along the horizontal axis	Matrix of Material Topics. The topics located in the upper right-hand quadrant of the matrix were deemed priority ones and mandatory for disclosure

[1] The organization providing independent professional auditor services is selected on the basis of the public procurement procedure.
[2] Representatives of the "Foreign regulators of the energy markets" stakeholder group did not participate in the survey.

Matrix of Material Topics



GRI 102-44

Importance of the topics for stakeholder groups

No.	Topic	Stakeholder groups most interested in the topic
1	Gazprom Group's procurement system and procurement localization	2,4,5
2	Gazprom Group's economic performance	1,2,5
3	Anti-corruption practices of Gazprom Group	1,2,4
4	Innovations and R&D at Gazprom Group	3,5,6
5	Gazprom Group's participation in social and political activities	6,7,9
6	Compliance with social, economic and environmental requirements of the law	2,5,9
7	Compliance with anti-trust and monopoly laws	2,4,8
8	Gazprom Group's efforts in replenishment of hydrocarbon reserves	2,3,5
9	Emission management at Gazprom Group	2,5,9
10	Waste handling at Gazprom Group	2,6,9
11	Effort taken by Gazprom Group to maintain acceptable water quality in the Group's areas of operations	2,4,9
12	Gazprom Group's efforts to preserve biodiversity	3,7,9
13	Energy saving and energy efficiency at Gazprom Group	2,4,5
14	Disturbed land remediation by Gazprom Group	5,7,9
15	Occupational health, industrial and fire safety at Gazprom Group	2,4,5
16	Gazprom Group's presence at the labour market and impact upon employment of the population	3,5,6
17	Freedom of association and collective bargaining	1,4,5
18	Training and education for employees and prospective employees	1,5,6
19	Social benefits and non-financial motivation of the employees at Gazprom Group	1,5,6
20	Equal opportunities for all employees of Gazprom Group	1,2,5
21	Interaction with local communities in Gazprom Group's areas of operations	2,6,7
22	Rights of indigenous peoples in Gazprom Group's areas of operations	3,6,7
23	Gazprom Group's social projects	6,7,9
24	Gas Infrastructure Expansion in the Russian Federation	5,7,8
25	Natural Gas Vehicle Fuel Market Development	3,5,8

Stakeholder groups legend:

1 — Shareholders
2 — Investors
3 — Media
4 — Business partners
5 — Personnel
6 — Public and educational organizations
7 — Local communities
8 — Consumers
9 — Government and local authorities

GRI 102-47

Disclosure of material topics in Gazprom Group's Sustainability Report 2018

Topics	Sections
MANAGEMENT IMPACTS	
(6) Compliance with social, economic and environmental requirements of the law (GRI 307, GRI 419)	Section 4. Life in a Favourable Environment, p. 117 Appendix 1, p. 149
(7) Compliance with anti-trust and monopoly laws (GRI 206)	Appendix 1, p. 146
(3) Anti-corruption practices of Gazprom Group (GRI 205)	Appendix 1, p. 145 Appendix 2. For the Section "About Gazprom Group", p. 156
ECONOMIC IMPACTS	
(8) Gazprom Group's efforts in replenishment of hydrocarbon reserves (GRI OG1)	Section 1. Energy for People, p. 36–39, 54–56
(2) Gazprom Group's economic performance (GRI 201)	Appendix 3. Appendix 3. For the Section "Energy for People", p. 164–165
(1) Gazprom Group's procurement system and procurement localization (GRI 204)	Section 1. Energy for People, p. 66–68 Appendix 2. For the Section "About Gazprom Group", p. 162–163
(4) Innovations and R&D at Gazprom Group	Section 1. Energy for People, p. 63–66
(24) Gas Infrastructure Expansion in the Russian Federation	Section 1. Energy for People, p. 43–46
(25) Natural Gas Vehicle Fuel Market Development	Section 1. Energy for People, p. 50–53
SOCIAL IMPACTS	
(20) Equal opportunities for all employees of the Company (GRI 405)	Appendix 4. For the Sections "Focus on the Person. People at Gazprom" and "Focus on the Person. People Next to Us", p. 174
(18) Training and education for employees and prospective employees (GRI 404)	Section 2. Focus on the Person. People at Gazprom, p. 80–81
(19) Social benefits and non-financial motivation of the employees at Gazprom Group (GRI 401)	Section 2. Focus on the Person. People at Gazprom, p. 78–79
(15) Occupational health, industrial and fire safety at Gazprom Group (GRI 403)	Section 2. Focus on the Person. People at Gazprom, p. 84–91
(21) Interaction with local communities in Gazprom Group's areas of operations (GRI 413)	Section 3. Focus on the Person. People Next to Us, p. 94–100
(23) Gazprom Group's social projects (GRI 203)	Section 3. Focus on the Person. People Next to Us, p. 94–105
ENVIRONMENTAL IMPACTS	
(11) Effort taken by Gazprom Group to maintain acceptable water quality in the Group's areas of operations (GRI 303)	Section 4. Life in a Favourable Environment, p. 117–121
(9) Emission management at Gazprom Group (GRI 305)	Section 4. Life in a Favourable Environment, p. 126–129 Appendix 1, p. 147
(10) Waste handling at Gazprom Group (GRI 306)	Section 4. Life in a Favourable Environment, p. 119, 122, 124–125
(12) Gazprom Group's efforts to preserve biodiversity (GRI 304)	Section 4. Life in a Favourable Environment, p. 122–123
(14) Disturbed land remediation by Gazprom Group (GRI 304)	Section 4. Life in a Favourable Environment, p. 121
(13) Energy saving and energy efficiency at Gazprom Group (GRI 302)	Section 4. Life in a Favourable Environment, p. 130–134 Appendix 5. For the Section "Life in a Favourable Environment", p. 186–190

STAKEHOLDER ENGAGEMENT

GRI 102-42

Stakeholders are persons, groups of persons, government bodies and organizations that can influence the operations of the Gazprom Group or that can be influenced by its activities, products manufactured or services provided and the related operations.

GRI 102-40

The Gazprom Group identifies 10 groups of stakeholders.

Stakeholders

At Gazprom, stakeholder engagement is based upon the principles of engagement, materiality, impact and response formalized in the internationally recognized document AA1000 AccountAbility Principles (AA1000AP, 2018).

Stakeholder engagement

Engagement	*Taking into account the points of view* of Gazprom stakeholder groups as related to the significance and impact of a particular matter in order to enable the Group to develop expedient and commensurate response method
Materiality	*Definition* of relevant and material topics, as well as the key factors influencing Gazprom and its stakeholders, *and ranking* them by significance in order to ensure due response
Impact	*Control, measurement and assessment of the impact* of Gazprom principles and activities, as well as its performance results, on the economy, environment, society, the stakeholders and the Group itself
Response	*Taking into account* the material topics and the corresponding impacts *in the course of decision-making*, performing the activities and planning the routine operations of the Gazprom Group (including the communications)

The Gazprom Group uses diverse mechanisms of stakeholder engagement that take into account the regional and the sectoral specifics.

GRI 102-43

The system of stakeholder engagement at the Gazprom Group

Stakeholder Groups	Corporate Unit / Body Responsible for Engagement	Engagement Mechanisms	Examples of Engagement
Shareholders	▪ Coordinating Committee for Shareholder and Investor Relations of PJSC Gazprom ▪ PJSC Gazprom unit performing the corporate secretary functions ▪ Relevant units of PJSC Gazprom	▪ Implementation of the Shareholder and Investor Relations Plan ▪ In-person events and teleconferences ▪ Information disclosure ▪ Responses to inquiries	▪ Annual General Meeting of the Shareholders ▪ Quarterly and annual video conferences, press conferences, road shows ▪ Meetings of PJSC Gazprom leadership and authorized representatives of the Company with the shareholders at the Company offices in Moscow, St. Petersburg and abroad ▪ Information disclosure in form of Quarterly Issuer's Reports, the Annual Report, the Environmental Report, the Gazprom Group's Sustainability Report, financial statements under the IFRS and Russian Accounting Standards ▪ Publishing data books "Gazprom in Figures", "Analyst Reference Book" (Gazprom Neft), "Gazprom Neft Statistic Data", "Gazprom Energoholding Group of Companies in Questions and Answers" ▪ Placing the corporate periodicals, including "Gazprom" magazine, Gazprom Export LLC corporate newsletter "BLUE FUEL" and other in the public domain
Investors	▪ Coordinating Committee for Shareholder and Investor Relations of PJSC Gazprom ▪ PJSC Gazprom unit performing the corporate secretary functions ▪ Relevant units of PJSC Gazprom	▪ Implementation of the Shareholder and Investor Relations Plan ▪ In-person events and teleconferences ▪ Information disclosure ▪ Responses to inquiries	▪ Gazprom Investor Day (New York and London, 2018) ▪ Meetings of PJSC Gazprom leadership and authorized representatives of the Company with the investors at the Company offices in Moscow, St. Petersburg and abroad ▪ Independent director's meetings with investors, in particular on the ESG[1] matters ▪ Regular participation of the Gazprom Group's leaders and representatives in investment conferences, quarterly and annual video conferences, press conferences and conference calls ▪ International conferences, road shows ▪ Information disclosure in form of Quarterly Issuer's Reports, the Annual Report, the Environmental Report, the Gazprom Group's Sustainability Report, under the IFRS and Russian Accounting Standards ▪ Publishing databooks "Gazprom in Figures", "Analyst Reference Book" (Gazprom Neft), "Gazprom Neft Statistic Data", "Gazprom Energoholding Group of Companies in Questions and Answers" ▪ Offsite meetings of the leadership with investors at the key production facilities of the Group ▪ Placing the corporate periodicals, including "Gazprom" magazine, Gazprom Export LLC corporate newsletter "BLUE FUEL" and other in the public domain

[1] Environmental. Social. Governance.

Stakeholder Groups	Corporate Unit / Body Responsible for Engagement	Engagement Mechanisms	Examples of Engagement
Business partners	▪ Relevant units of PJSC Gazprom ▪ Relevant units of subsidiaries	▪ Contractual relations ▪ Cooperation agreements ▪ Conferences, forums ▪ Industry unions and associations	▪ Participation in economic and energy forums and conferences (Gastech, ADIPEC, European Gas Conference, International Business Congress, World Gas Congress, World Petroleum Congress, World Energy Congress, St. Petersburg International Economic Forum, St. Petersburg International Gas Forum, Eastern Economic Forum, Russian Energy Week, “Russia – EU Energy Cooperation Outlook. Gas Aspect” and other) ▪ Collaboration, business meetings with Russian and international oil and gas companies ▪ Throughout 2018, Gazprom Export LLC continued working on improving efficiency of Russian gas export sales demonstrating flexibility in relations with partners in a volatile market environment. The priority was to preserve the key provisions of the contracts establishing the balance of interest of the supplier and the consumer
Personnel	▪ Department in charge of HR management	▪ System of internal communications ▪ Feedback ▪ Top management addresses to employees ▪ Satisfaction surveys ▪ Trainings and professional development organization and assessment	▪ Conferences to summarize the results of implementation of the General Collective Agreement of PJSC Gazprom and its subsidiaries. ▪ Holding workshop meetings for personnel of HR Departments ▪ Participation of the employees’ representatives in joint occupational safety committees and commissions ▪ Hot Line for countering fraud, corruption and theft at the Gazprom Group ▪ Regular meetings of the representatives of the workforce and the management to resolve the topical issues ▪ Group cultural and sport events (PJSC Gazprom sports and athletic contests, “Fakel” corporate festival) ▪ Training newly hired employees under the onboarding professional development programs

Stakeholder Groups	Corporate Unit / Body Responsible for Engagement	Engagement Mechanisms	Examples of Engagement
Public and municipal authorities	■ Department in charge of the government relations in the Russian Federation ■ Regional Policy Commission	■ Signing agreements with the regions of the Russian Federation ■ Presentations on the Gazprom Group's activities to senior government officials ■ Cooperation under business contracts, agreements and partnership memoranda	■ Signing agreements and memoranda on cooperation with five constituent entities of the Russian Federation (Khanty-Mansi Autonomous Area — Yugra, Yamal-Nenets Autonomous Area, Komi Republic, Arkhangelsk Region, Novgorod Region) ■ Participation in parliamentary hearings, forums, round tables and task forces held by the federal and regional executive authorities and public organizations ■ In-person events involving the representatives of the federal executive authorities in order to familiarize them with PJSC Gazprom operations ■ Participation in the development of the roadmaps ■ Participation in expert review of the draft laws and participation of proposals, commentaries and amendments thereto ■ Implementation of the Gas Infrastructure Development Program in the regions of the Russian Federation ■ Cooperation under the agreements on extending use of natural gas as motor fuel concluded with the governments of the constituent entities of the Russian Federation
Local communities	■ Relevant units of PJSC Gazprom ■ Regional Policy Commission ■ Environmental departments of subsidiaries ■ PR departments of subsidiaries	■ Open public hearings ■ Information centres ■ Information disclosure ■ Charity and sponsorship projects ■ Complex of environmental-awareness events ■ Group-wide and areas-of-operation opinion surveys	■ Holding public hearings on environmental impact assessment ■ Charity activities and volunteering (annual support of culture and arts, projects to preserve historic and cultural heritage, professional and amateur sports, education, healthcare, urban infrastructure development projects, implementation of the "Gazprom for Children" and "Football for Friendship" programs, annual New Year action of PJSC Gazprom for children who need social support) ■ Cooperation with representatives of indigenous peoples of the North (organization of the national festivals, preserving the lifestyle, traditional habitat, national crafts etc.) ■ Sponsorship activities ■ Implementation of the social investment programs

Stakeholder Groups	Corporate Unit / Body Responsible for Engagement	Engagement Mechanisms	Examples of Engagement
Foreign regulators of energy markets	▪ Department in charge of foreign economic activities	▪ International energy conferences and participation in international organizations ▪ Participation in the development of the roadmaps ▪ Drafting of the energy sector's regulatory documents	▪ Membership in international industry associations ▪ Participation in negotiations on supplies, uninterrupted and safe transportation of natural gas, construction of the new cross-border facilities of energy infrastructure and their regulation, development of natural gas use as motor fuel for vehicles, enhancing the role of natural gas as a source of energy that could enable transition to low-carbon economy ▪ Participation in discussion of strategic documents at the European Union level as related to long-term climate and energy policy implementation. In 2018, PJSC Gazprom submitted official commentaries to the EU Long-term Low-carbon Development Strategy by 2050 ▪ Participation in economic and energy forums and conferences
NGOs and educational organizations	▪ Relevant units of PJSC Gazprom ▪ Environmental departments of subsidiaries ▪ PR departments of subsidiaries ▪ Social services and units of the subsidiaries	▪ Joint programs and research activities ▪ Open public hearings ▪ Information disclosure ▪ Membership in NGOs and expert associations ▪ Conferences, on-the-job training and internship programs ▪ Development of training materials and learning aids	▪ Participation in the Carbon Disclosure Project (CDP), the initiative of the international investor community on disclosure of information on greenhouse gas emissions and climate change risks ▪ Participation in industry events for young people (young scientists, specialist and students of the Russian and international universities) ▪ Setting up special classes at secondary schools, opening specialized departments at the Russian universities, cooperation with designated universities ▪ Organization of work experience practice for students of secondary vocational education institutions and higher education institutions at the subsidiaries ▪ Organization of secondments of the teachers from the higher education institutions at subsidiaries

Stakeholder Groups	Corporate Unit / Body Responsible for Engagement	Engagement Mechanisms	Examples of Engagement
Media	■ Department in charge of information and communication policy	■ Information disclosure ■ In-person events and teleconferences ■ Responses to inquiries ■ Development of the official web sites and other means of communication	■ Official press releases ■ Press conferences, briefings ■ Interviews (in-person, distance) with the leadership of PJSC Gazprom, including the interviews of the Chairman of the Management Committee of PJSC Gazprom Alexey Miller to: – NTV Channel — on the Company HR policy (September 2018); – Russia 24 Channel — on the outlook of the Company development (July 2018); – Vecherne Novosti Serbian media — on implementation of joint projects (October 2018); – Die Presse Austrian media — on the role of Russian natural gas in Austria and in Europe, as well as on its contribution to reduction of greenhouse gas emissions (June 2018) ■ Press tours to PJSC Gazprom production areas and gas transportation infrastructure facilities: – For Russian and international media — in order to participate in the ceremony celebrating completion of deepwater part of the TurkStream gas pipeline (November 2018); – For Turkish Media — to Gazprom Dobycha Urengoy LLC facilities (January 2018); – For representatives of Izvestia International Publishing Center — to Gazprom Dobycha Yamburg LLC facilities (February 2018); – For French version of GEO — to Gazprom Dobycha Urengoy LLC facilities (March 2018); – For Russia 24 TV channel – to Gazprom Dobycha Nadym LLC production facilities (July 2018)
Consumers	■ Department in charge of gas and liquid hydrocarbons marketing and processing ■ Marketing departments of subsidiaries	■ Contractual relations ■ Meetings ■ Conferences, forums ■ Claims management system ■ Satisfaction surveys ■ Information disclosure	■ Offsite meetings and trips to study the production process ■ Marketing interaction and incentive programs (Retail Customers Loyalty Program "EcoGas CLUB", Corporate Customers Incentive Program "Year without Problems", Customer Incentives Program "EcoGas: Cost Saving for You", Corporate Customers Incentive Program "First Time, First Gas", Customer Incentive Program "EcoCity") ■ Informational support of the customers via the official web sites of the Group's companies ■ Customer satisfaction monitoring as related to the quality of products and production, transportation and processing of gas, gas condensate, crude oil and petroleum products

ABOUT GAZPROM GROUP

GRI 102-1 GRI 102-2 GRI 102-3 GRI 102-4 GRI 102-5

The Gazprom Group is a global vertically integrated energy company focused on exploration, production, transportation, storage, processing and marketing of gas, gas condensate, crude oil, and refined hydrocarbon products, as well as generation and marketing of heat and electric power. The parent company of the Group is PJSC Gazprom.

PJSC Gazprom stocks ownership is private property with the state-owned stake. The Russian Federation controls the majority stake in the Company directly and indirectly (over 50%).

Information on PJSC Gazprom's shareholder capital structure is provided in Appendix 2 (p. 154).

Name and legal form of the company	Public Joint Stock Company Gazprom
Head Office	16 Nametkina St., Moscow, 117420, Russian Federation

PJSC Gazprom owns 784 trademarks registered in compliance with the legislation in the Russian Federation and abroad[3]. The right to use PJSC Gazprom trademarks is granted to 240 companies under license and sub-license agreements.

Gazprom carries out its operations in more than 20 countries and supplies its products to more than 130 countries worldwide.

Information on the Gazprom Group's geography of operations is provided in Appendix 2 (p. 150–153).

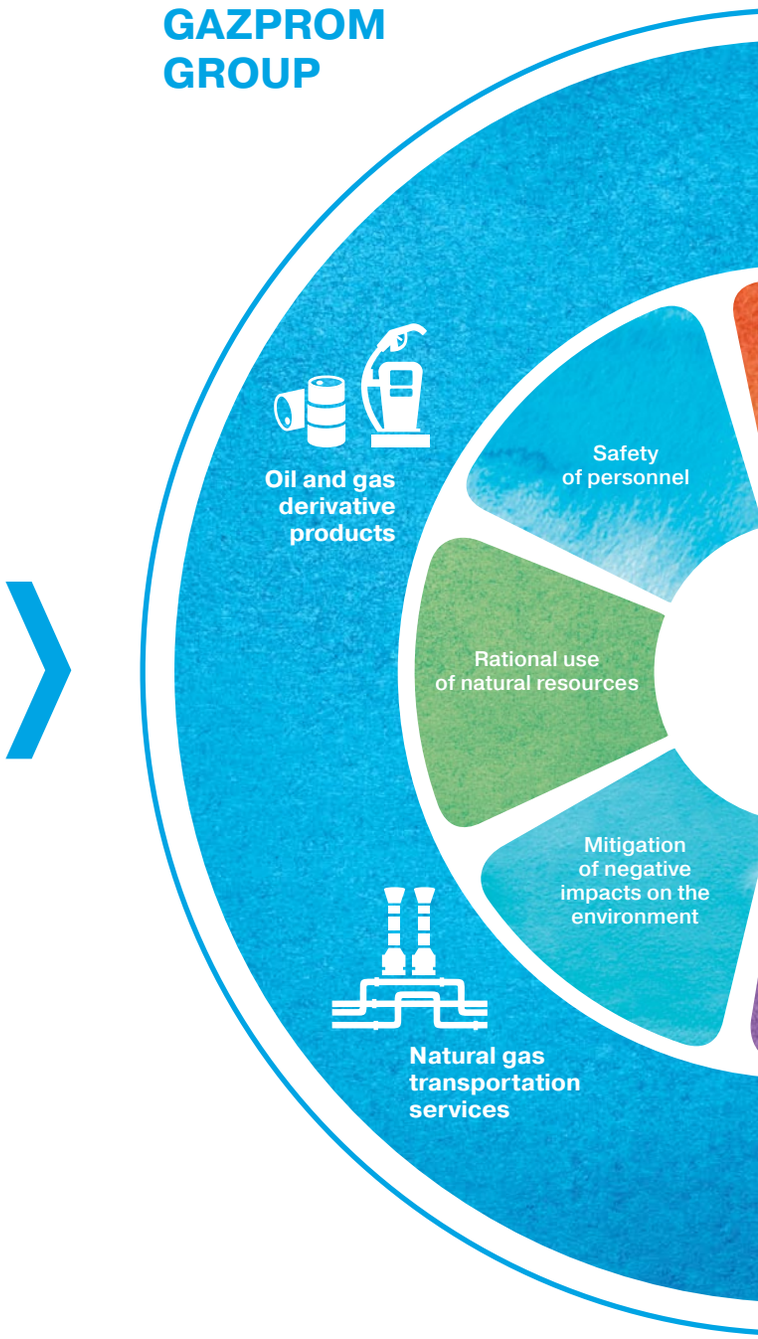
PJSC Gazprom's Competitive Edge

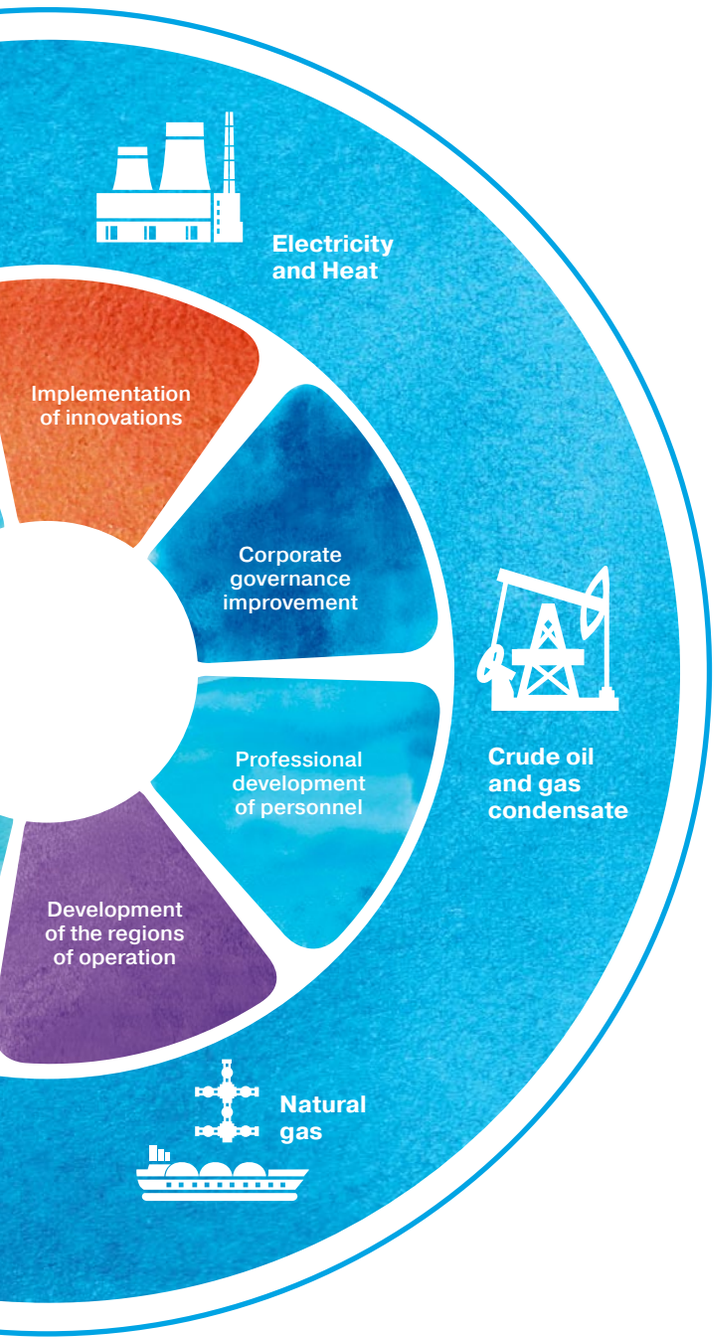
- Vertical integration of the Company
- Advantageous location between Europe and Asia
- Unique Russian Unified Gas Supply System
- Extensive resource and asset base of the Company
- Access to capital markets on the terms acceptable to the Company
- Substantial production, research and design capabilities
- Established portfolio of long-term contracts to supply natural gas to European and Asian consumers
- Corporate social policy which makes the Company an attractive employer for highly skilled workforce
- Years of experience in doing business with international partners and a solid track record as a reliable supplier

[3] Detailed information about trademarks is provided at the official web site of PJSC Gazprom: https://www.gazprom.com/about/legal/trademarks/.

BUSINESS MODEL

466,100 people	Group's headcount
172,600 km	length of gas trunklines in Russia
176.1 billion boe	total proven and probable hydrocarbon reserves
39.96 GW	installed electric power of the generating assets in Russia and abroad
70,790 Gcal/h	installed heat output of facilities in Russia and abroad
RUB **9.0** billion	R&D investment
RUB **35** billion	PJSC Gazprom charity spending
RUB **1,795.9** billion	capital investments
RUB **36.7** billion	PJSC Gazprom investments allocated to gas infrastructure development in the Russian regions
RUB **39.15** billion	current environmental spending





201.9 bcm	**record-high gas export to Europe**
239.7 bcm	**gas sales to Russian consumers**
68.6%	**average gas infrastructure penetration across Russia**
498.7 bcm	**natural and associated petroleum gas production**
48.3 mmt	**oil production**
15.9 mmt	**gas condensate production**
153.2 billion kWh	**electricity generation in Russia and abroad**
131.25 million Gcal	**heat generation**
12,300 people	**had their labour conditions improved**
RUB 12.3 billion	**economic benefits from R&D results use**
51 sports facilities	**built under “Gazprom for Children” Program**

WE CREATE VALUE FOR STAKEHOLDERS

RUB **488** billion — Adjusted free cash flow

Over RUB **3.2** trillion — Total tax payments

RUB **16.61** — Dividends per ordinary share

RUB **600,812** million — Payroll expenses

RUB **3.6** trillion — Market capitalization

Information on supply chain, procurement management and management of the quality of products procured is provided in Appendix 2 (p. 161 – 163).

GAZPROM GROUP'S STRATEGY

GRI 102-16 GRI 102-26

PJSC GAZPROM'S MISSION

PJSC Gazprom defines its mission as reliable, effective and balanced supply of natural gas, other energy resources and their derivatives to customers.

PJSC GAZPROM'S STRATEGIC GOAL

The strategic goal for PJSC Gazprom is to become the leader among the global energy companies through diversification of the sales markets, ensuring reliable supplies, performance improvement, use of scientific and research capabilities.

The current planning system at PJSC Gazprom ensures optimal combination of the Russian planning system and the modern international approaches to strategic planning. It is based upon the principles of comprehensive approach, the balanced system of indicators, scientific validity, efficient and consistent management decisions.

The Company's planning system is improved continuously taking into account the best international practices and methodologies developed by the leading industry organizations and experts.

PJSC Gazprom uses the three-tier planning system including short-term planning (up to 1 year period), medium-term planning (over 1–3 years) and strategic (long-term) planning (over 10 or more years).

Strategic planning is a high-level process whereby comprehensive planning of investment, financial and operational activities is performed on the basis of the projected performance indicators of the Company. The long-term planning is aimed at achieving PJSC Gazprom's strategic goal. It is based upon the Company system of strategic target indicators (STI) that are balanced indicators of the key types of its activities and define the targets required to achieve PJSC Gazprom's strategic goal. A two-tier STI system is used in the Company strategic planning system.

For more detail on PJSC Gazprom's strategic planning see[4]:

[4] Page 85, PJSC Gazprom Annual Report 2018, https://www.gazprom.com/f/posts/67/776998/gazprom-annual-report-2018-en.pdf

GAZPROM GROUP'S KEY PERFORMANCE INDICATORS

GRI 102-7

Key Operating Indicators of the Gazprom Group

	2014	2015	2016	2017	2018
HYDROCARBON RESERVES ACCORDING TO PRMS STANDARDS[1]					
Proven and probable natural gas reserves, bcm	23,510.7	23,705.0	23,855.1	24,146.6	24,255.1
Proven and probable gas condensate reserves, mmt	848.6	933.3	1,018.9	1,105.7	1,090.2
Proven and probable oil reserves, mmt	1,374.4	1,355.4	1,378.7	1,360.0	1,335.4
Total proven and probable hydrocarbon reserves[2], billion boe	169.6	171.4	173.3	175.7	176.1
OPERATING INDICATORS					
Natural and associated gas production[1], bcm	444.9	419.5	420.1	472.1	498.7
Oil production[1], mmt	43.5	44.0	47.2	48.6	48.3
Unstable gas condensate production[1], mmt	14.5	15.3	15.9	15.9	15.9
Total hydrocarbon production[1],[2], million boe	3,325.0	3,171.0	3,201.9	3,550.2	3,720.7
Natural and associated gas processing, bcm	30.5	31.2	31.0	30.8	31.1
Oil refining and gas condensate processing, mmt	68.0	66.8	65.9	64.1	67.4
Electricity generation[4], billion kWh	155.4	148.0	157.5	156.6	153.2
Heat generation, million Gcal	125.2	118.6	129.5	127.3	131.2
HYDROCARBON SALES					
Natural gas sales, bcm					
Russia	234.0	221.2	214.9	229.9	239.7
Non-FSU countries[3]	159.4	184.4	228.3	242.0	243.3
FSU countries[3]	48.1	40.3	33.2	35.0	38.1
Total	441.5	445.9	476.4	506.9	521.1
Oil and gas condensate sales[5], mmt					
Russia	4.7	5.3	5.9	4.3	2.7
Non-FSU countries	9.8	9.8	17.1	21.6	21.2
FSU countries	1.2	1.9	1.7	1.7	1.7
Total	15.7	17.0	24.7	27.6	25.6

[1] Including the Group's share in the reserves and production of the entities in which Gazprom has investments classified as joint operations.
[2] For management accounting purposes, the Gazprom Group measures hydrocarbon reserves and production in metric units. In this Report, gas, crude oil and gas condensate reserve and production figures are converted from metric units to barrels of oil equivalent as follows: 1,000 cubic meters of natural gas = 6.49 boe, 1 ton of oil = 7.33 boe, 1 ton of gas condensate = 8.18 boe.
[3] Sales in Europe, the FSU and other countries include natural gas exports from Russia, as well as sales of natural gas purchased by the Group outside Russia.
[4] Including foreign assets.
[5] Oil and gas condensate sales, excluding intragroup sales.

Gazprom Group's Key Financial and Economic Indicators

	2014	2015	2016	2017	2018
PJSC Gazprom's market capitalization at year-end, RUB trillion	3.1	3.2	3.6	3.1	3.6
Sales revenue, RUB million	5,589,811	6,073,318	6,111,051	6,546,143	8,224,177
Profit on sales, RUB million	1,309,509	1,237,422	726,639	871,405	1,930,030
Profit for the year, RUB million	157,192	805,199	997,104	766,879	1,528,996
Discounted EBITDA[1], RUB million	1,961,643	1,883,847	1,323,258	1,467,692	2,599,284

[1] Is calculated as operating profit less depreciation and asset impairment loss (except accounts receivable, issued advances and prepayments).

Based on the outcomes of PJSC Gazprom operations in 2018, the annual General Shareholders Meeting of PJSC Gazprom approved the nominal value of dividends per ordinary share in the amount of RUB 16.61.

Gazprom Group's Key Social Indicators

	2014	2015	2016	2017	2018
Headcount as of the end of the reporting period, thousand persons	459.6	462.4	467.4	469.6	466.1
Social spending, RUB million	46,429	32,485	35,516	34,461	42,789
Payroll expenses, RUB million	516,778	590,981	641,036	682,060	600,812

Gazprom Group's Key Health, Safety and Environmental Performance Indicators

	2014	2015	2016	2017	2018
Current environmental expenditure, RUB billion	31.66	32.17	34.10	34.47	39.15
Pollutant emissions, thousand tons	2,797.6	2,830.6	2,868.5	2,796.0	2,894.0
Greenhouse gas emissions, mmt of CO_2 equivalent	228.3	220.0	228.2	233.8	240.0
Reclaimed land, thousand hectares	12.6	18.2	42.5	19.6	15.8
Lost time injury frequency rate (LTIFR)[1]	0.18	0.18	0.16	0.11	0.17

[1] For entities covered by the Integrated System of Process Safety Management, the indicator is calculated as the number of persons injured in accidents / total man-hours worked by all employees × 1,000,000.

CORPORATE GOVERNANCE

The corporate governance model implemented by PJSC Gazprom ensures protection of the shareholders' rights and legitimate interests, their fair treatment, transparent decision-making, openness of information, professional and ethical accountability of the Board of Directors members, other officials of the Company and its shareholders, as well as development of the business ethics system.

CORPORATE GOVERNANCE STRUCTURE

The key entities of PJSC Gazprom's corporate governance are management and control bodies: the General Shareholders Meeting, the Board of Directors, the Management Committee, the Chairman of the Management Committee, the Audit Commission.

The Audit Committee of the PJSC Gazprom Board of Directors and the Nomination and Remuneration Committee of the PJSC Gazprom Board of Directors were established for preliminary review of the most important matters pertaining to PJSC Gazprom's operations and falling within the competence of the Board of Directors.

In 2017, the Commission on Strengthening Financial Discipline for Domestic Gas Supplies

of the PJSC Gazprom Board of Directors was established in order to provide additional coordination of the efforts aimed at improving the situation with payments for the gas supplied.

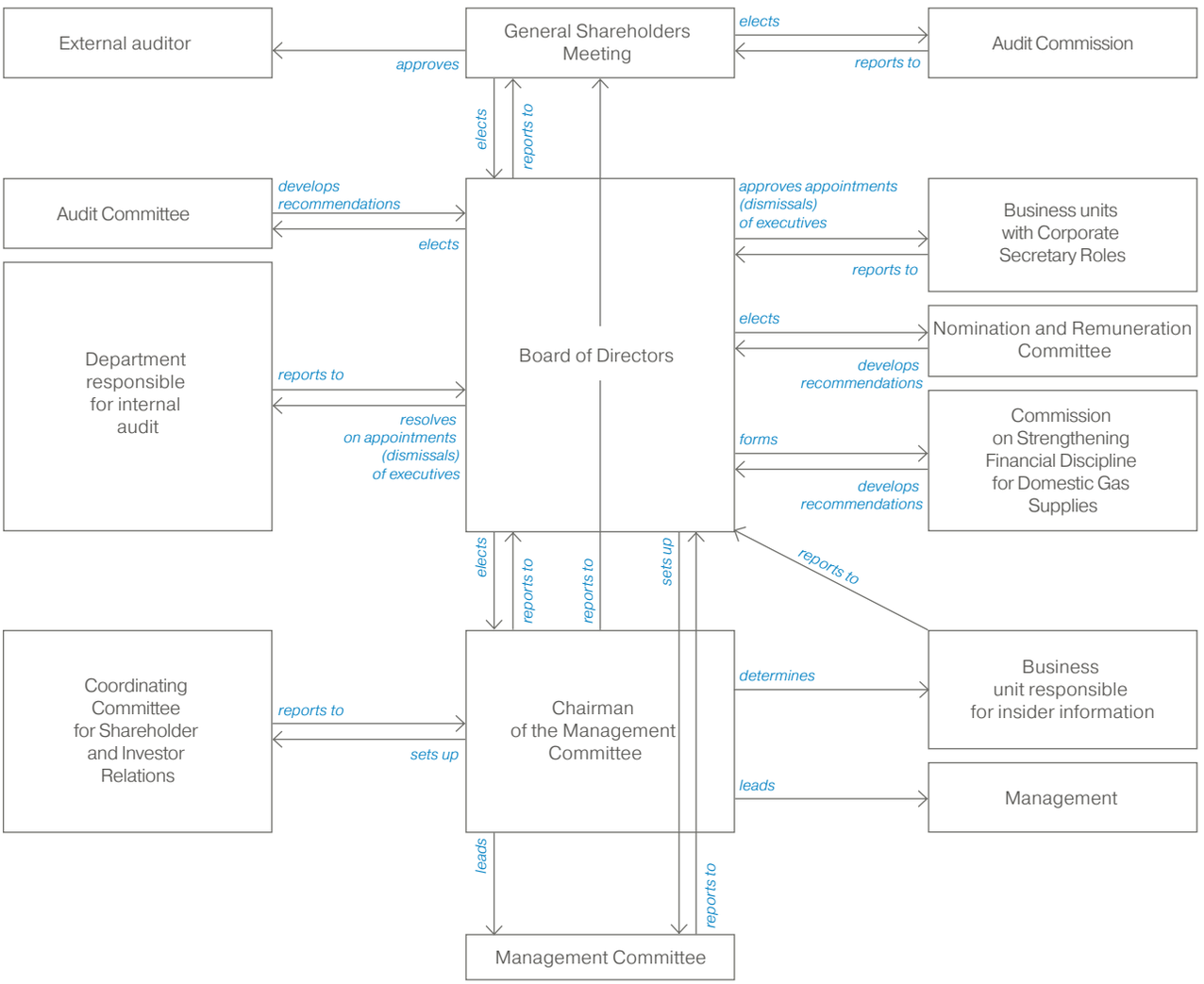
The Department of the Management Committee Administration performing the internal audit functions provides an objective assessment of the internal control system performance and develops recommendations regarding its improvement.

The external auditor performs independent audit of the Company financial and business operations.

The Company has the corporate secretary institute. The functions of the corporate secretary in scope recommended by the Corporate Governance Code of the Bank of Russia[5] are distributed across several organizational units of the Company in accordance with the regulations governing their activities and approved by the Board of Directors.

GRI 102-18

PJSC Gazprom's Corporate Governance Structure



[5] The Corporate Governance Code was approved by the Board of Directors of the Bank of Russia on March 21, 2014, and recommended for application by joint-stock companies whose securities are admitted to public trading.

The supreme corporate governance body of the Company is the General Shareholders Meeting held annually. Other General Shareholders Meetings, except the annual one, are extraordinary. The PJSC Gazprom Board of Directors performs general management of the Company activities and defines its development strategy. The Chairman of the Management Committee and the Management Committee administer day-to-day operations of the Company, arrange implementation of the resolutions of the General Shareholders Meeting and the Board of Directors and act on behalf of the Company and its shareholders.

For more details on the corporate governance structure of PJSC Gazprom visit[6]:

The key corporate governance principles of the Company are formalized in the Corporate Governance Code of Gazprom Public Company.

For more details on this Code see[7]:

GRI 102-22

The Board of Directors performs general management of PJSC Gazprom activities acting on behalf of the Company and its shareholders and reporting to the General Shareholders Meeting. As of December 31, 2018, the Board of Directors consisted of 11 members, three of whom were independent directors.

For more details on the composition of the Board of Directors of PJSC Gazprom see[8]:

GRI 102-24

The numerical composition of the PJSC Gazprom Board of Directors, election of its members and early termination of their powers fall within the competence of the General Shareholders Meeting. The composition of the Board of Directors is in compliance with the listing rules of the Russian stock exchanges[9] for shares included in the first (highest) level of quotation lists.

Independence of the members of the Board of Directors is established in accordance with the criteria for establishing independence of the members of the Board of Directors (nominated members of the Board of Directors) set forth in the Code of the Bank of Russia and Appendix 4.1. to the Listing Rules of PJSC Moscow Exchange.

In 2018, the PJSC Gazprom Board of Directors considered the issue *On recognizing certain nominated members of the PJSC Gazprom Board of Directors to be independent nominated members of the Board of Directors*. During the review of that issue, it was resolved to deem nominated members of the PJSC Gazprom Board of Directors Timur Kulibayev, Viktor Martynov and Vladimir Mau to be independent nominated members of the Board of Directors.

The procedure for nominating and selecting the members of the Board of Directors is transparent, it takes into account the diverse opinions of the shareholders and ensures that the composition of the Board of Directors is in compliance with the legislation. The members of the Board of Directors are elected by the General Shareholders Meeting for the period till the next annual General Shareholders Meeting.

For more details on the procedure for election of the members of the Board of Directors see[10]:

[6] https://www.gazprom.com/investors/corporate-governance/
[7] https://www.gazprom.com/f/posts/74/562608/kodeks_korporativnogo_upravleniya_eng_30.06.2017.pdf
[8] Page 166, PJSC Gazprom Annual Report 2018, https://www.gazprom.com/f/posts/67/776998/gazprom-annual-report-2018-en.pdf
[9] PJSC Moscow Exchange, PJSC St. Petersburg Exchange.
[10] Page 26, Articles of Association of Public Joint Stock Company Gazprom, https://www.gazprom.com/f/posts/74/562608/gazprom-articles-2019-06-28-ed-en.pdf (Article 35), https://www.gazprom.com/f/posts/74/562608/regulations-board-of-directors-2019-06-28-en.pdf

GRI 102-25

PJSC Gazprom takes steps to prevent and eliminate the conflict of interest. Pursuant to the *Regulation on the PJSC Gazprom Board of Directors* and the *PJSC Gazprom Code of Corporate Ethics*:

1. The members of the Board of Directors shall not use, in course of their activities, their position and the received information on the Company operations to promote their personal interests or permit other persons do that.

   Members of the Board of Directors shall refrain from the actions that result or could result in a conflict of interest.

   Should a member of the Board of Directors be involved in a conflict of interest, he/ she shall notify the Board of Directors accordingly by sending the notice to the Chairman of the Board of Directors. The notice shall provide information on the fact of the conflict of interest and the reasons for such conflict arising.

   The Chairman of the Board of Directors shall forward the received notice of the conflict of interest to all members of the Board of Directors before the resolution is passed on the matter where the member of the Board of Directors has a conflict of interest.

   The member of the Board of Directors may refrain from voting on the matter where he/ she has a conflict of interest. When required by the nature of the matter considered or the specific features of the conflict of interest, the Chairman of the Board of Directors may offer to the member of the Board of Directors having a conflict of interest not to attend the consideration of the appropriate matter.

   Should the member of the Board of Directors having a conflict of interest refrain from voting or attending the meeting of the Board of Directors during consideration of the agenda item subject to the conflict of interest that should be reflected in the Minutes of the Board of Directors meeting.

2. Within two months after the date when the members of the Board of Directors became or should have become aware of the circumstances, by virtue of which they may be deemed interested in performance of transactions by the Company, they shall notify the Company of:

   - the legal entities, in respect of which they, their spouses, parents, children, siblings and half siblings, adoptive parents and adoptees and/or their controlled entities are controlling persons or may issue mandatory instructions;
   - the legal entities, in which governance bodies they, their spouses, parents, children, siblings and half siblings, adoptive parents and adoptees and/or their controlled entities hold office;
   - actual or proposed transactions they are aware of, if they could be deemed interested persons in respect of such transactions

3. The interested party transaction does not give rise to a conflict of interest, if requirements of Chapter XI of the Federal Law On Joint-Stock Companies are adhered to in respect of such transaction.

   Information on participation of the members of the Company Board of Directors in the governance bodies of other organizations is disclosed in PJSC Gazprom quarterly reports, the information on related parties (third parties) is disclosed in the consolidated financial statements prepared in accordance with the IFRS.

GRI 102-31 GRI 102-33 GRI 102-34

Meetings of the Board of Directors are convened by the Chairman of the Board of Directors in accordance with the approved work plan of the Board of Directors, as well as on his/ her own initiative, upon request of a member of the Board of Directors, the Management Committee, the Chairman of the Management Committee, the Auditing Commission, the auditor of the Company or the official responsible for organization and performance of the internal audit (the head of the organizational unit that is responsible for organization and performance of the internal audit). In 2018, 53 meetings of the Board of Directors of the Company were held, incl. 13 meetings in praesentia, 40 meetings in absentee ballot form. In course of the said meetings, 142 resolutions were passed, including 51 resolutions passed at meetings in praesentia, 91 resolutions passed by absentee ballot.

The structure of the issues considered at the meetings of the PJSC Gazprom Board of Directors by lines of business in 2018, %

Financial, economic and investment activities	27
Strategic development	32
HR policy	18
Improving corporate governance	21
Audit	2

GRI 102-35 GRI 102-37

The procedure for calculating the remuneration amounts payable to the members of the Board of Directors is set forth in the *Regulation on the Procedure for Establishing the Remuneration of the Members of the OJSC Gazprom Board of Directors*, approved by Resolution of the OJSC Gazprom Board of Directors No. 2523 dated April 15, 2015. The remuneration comprises three parts: base, supplementary, and bonus part which is segregated in a separate segment and is based on achieving the target corporate key performance indicators (KPIs).

Pursuant to the resolution of the General Shareholders Meeting, remunerations may be paid to the members of the Board of Directors during their term in office. The amount of such remunerations is established pursuant to the resolution of the General Shareholders Meeting. In 2018, the remuneration paid to the members of the Board of Directors of PJSC Gazprom for participation in the activities of the governance body amounted to RUB 210,708,000.

The members of the Board of Directors holding public office and government jobs do not receive any remuneration.

For more details on the system of remuneration of the members of the governance bodies see[11]*:*

GRI 102-28

PJSC Gazprom performs regular independent assessment of the current corporate governance maturity level engaging experts from third-party specialized organizations.

In 2017, the independent experts (JSC KPMG) carried out a comprehensive independent audit of the corporate governance practices at PJSC Gazprom. Pursuant

to the audit findings, the numerical and qualitative composition of the Company Board of Directors is fully in line with the scale and the specific features of PJSC Gazprom operations and enables the Board of Directors to perform its functions in full.

In 2018, internal assessment (self-assessment) of the activities of the PJSC Gazprom Board of Directors and its committees was held in form of a survey covering the following areas: composition and structure, organization of activities, key functions of the Board of Directors and its committees. The current performance of the Board of Directors and its committees was highly acclaimed by the members of the Board of Directors.

Information on the corporate ethics values, principles, standards and norms is provided in Appendix 2 (p. 155–156).

Information on risk management and internal control is provided in Appendix 2 (p. 157–160).

[11] Page 177, PJSC Gazprom Annual Report 2018, https://www.gazprom.com/f/posts/67/776998/gazprom-annual-report-2018-en.pdf

SUSTAINABILITY MANAGEMENT

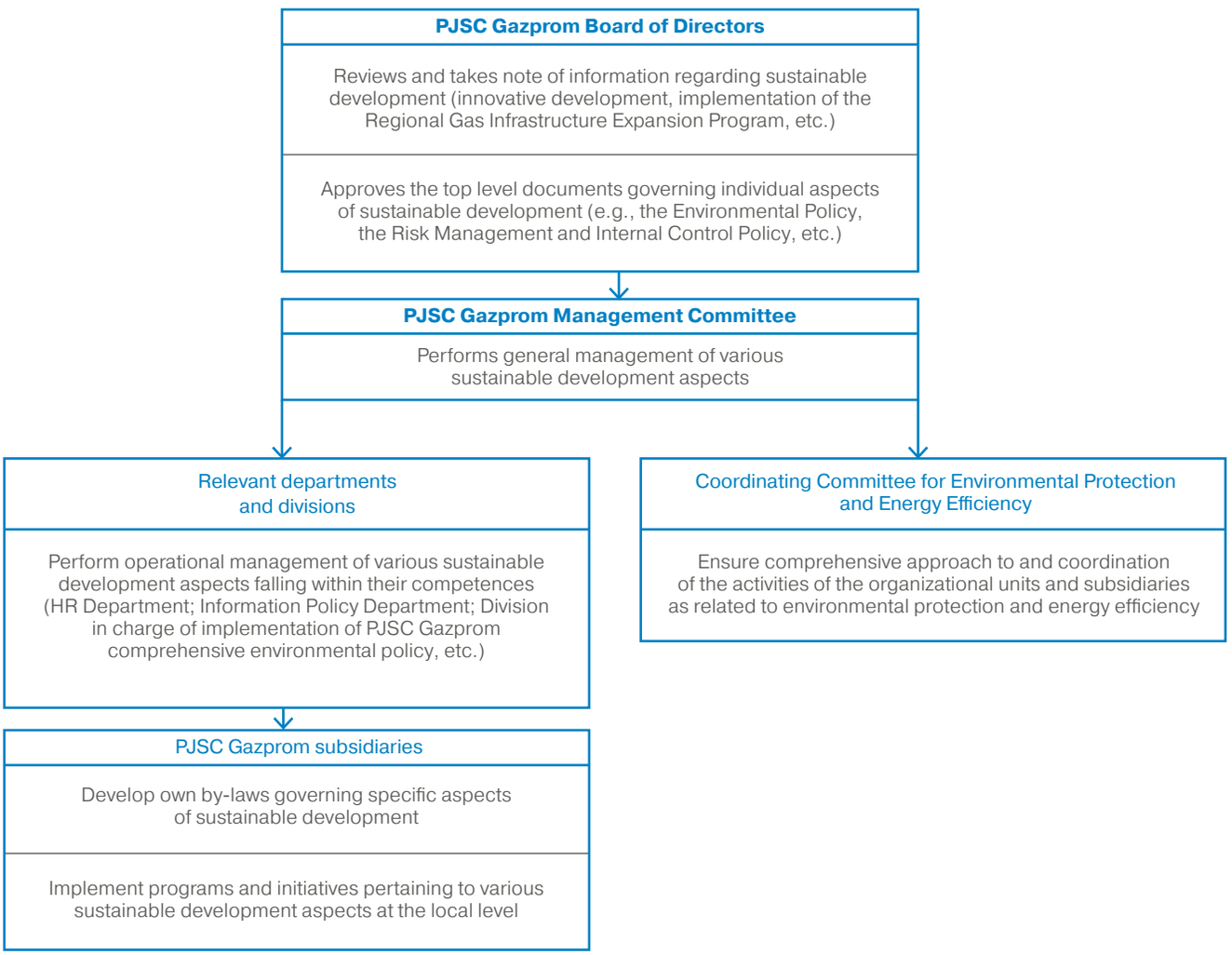
Gazprom's goal as related to sustainable development is to make positive contribution to the social and economic development of the country and adhere to environmental and industrial safety, corporate governance and social responsibility standards while aspiring to become the leader among the global energy companies.

Gazprom's sustainable development objectives are to:

- Improve the corporate governance system;
- Establish the efficient and transparent stakeholder relations system;
- Facilitate personal and professional development of the Group's employees;
- Facilitate social and economic development of the regions of the Group's operations and the country in general;
- Ensure safety of the Group's employees, counterparties and population while performing its operations;
- Minimize adverse environmental impact;
- Use natural resources in a sustainable way;
- Implement innovations at all stages of Gazprom operations.

Sustainability management is integrated in the Company corporate governance system.

PJSC Gazprom's Sustainability Management System



GRI 102-26 GRI 102-19 GRI 102-20

The Gazprom Group's managers of different levels are in charge of sustainability management and control. Strategic sustainability management, as well as review and approval of the top-level documents fall within the competence of the PJSC Gazprom Board of Directors.

The relevant departments of PJSC Gazprom and the executives of PJSC Gazprom subsidiaries are in charge of operational sustainability management matters. The Group's companies may develop their own documents with regard to sustainable development, taking specific features of their operations into account. The Coordinating Committee for Environmental Protection and Energy Efficiency coordinates activities of the subsidiaries as related to environmental protection (EP) and energy efficiency.

Information on the key corporate documents governing the Company sustainability activities is provided *in Appendix 2 (p. 154).*

GRI 102-15

Monitoring the Group's sustainable development progress is based upon the set of KPIs pertaining to different areas of the corresponding activities.

PJSC Gazprom's key performance indicators in terms of sustainability

FINANCIAL AND ECONOMIC BLOCK
Economic profit growth
Return on equity
Shareholders return

ENVIRONMENTAL BLOCK
Reduction of unit consumption of fuel and energy resources for internal process needs and losses
Reduction of unit greenhouse gas emission in CO_2 equivalent

SOCIAL BLOCK
Number of employees who participated in professional development / average headcount per year
Average number of hours used by employees for supplementary professional education during the year (by categories of staff)
Reduction of the incidents rate

GRI 102-12

The Gazprom Group supports 10 Principles of the United Nations Global Compact creating the framework for business community activities as related to human rights, labour relations, environmental protection and countering corruption, as well as 2030 Sustainable Development Agenda enacted by the Resolution of the UN General Assembly and 17 sustainable development goals (SDGs) defined in it.

UN Sustainable development goals

GRI 102-15

In course of its operations, the Gazprom Group contributes to achieving each of 17 SDGs:

- SDG 1. End poverty in all its forms everywhere;
- SDG 2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture;
- SDG 3. Ensure healthy lives and promote well-being for all at all ages;
- SDG 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all;
- SDG 5. Achieve gender equality and empower all women and girls;
- SDG 6. Ensure availability and sustainable management of water and sanitation for all;
- SDG 7. Ensure access to affordable, reliable, sustainable and modern energy for all;
- SDG 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all;
- SDG 9. Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation;
- SDG 10. Reduce inequality within and among countries;
- SDG 11. Make cities and human settlements inclusive, safe, resilient, and sustainable;
- SDG 12. Ensure sustainable consumption and production patterns;
- SDG 13. Take urgent action to combat climate change and its impacts;
- SDG 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development;
- SDG 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss;
- SDG 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels;
- SDG 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.

Information on PJSC Gazprom membership in international organizations is provided in Appendix 2 (p. 161).

1

Energy for people

1. ENERGY FOR PEOPLE

Gazprom supplies energy to millions of people in the Russian Federation and abroad. Gas, light and heat are delivered to their homes to make life comfortable. Thousands of enterprises, motor vehicles, marine vessels and aircraft use energy resources that are produced and transported by the Group.

Gazprom promotes the development of domestic industrial sector: that is facilitated by the imports substitution and collaboration with small and medium business policy actively pursued by the Group. Being one of the largest taxpayers, Gazprom makes significant contribution to the state budget and supports development of the country and the society.

1.1. GAZPROM GROUP'S ROLE IN NATIONAL DEVELOPMENT

CONTRIBUTION TO RUSSIAN ECONOMY

In 2018, the Gazprom Group demonstrated strong financial and economic performance. Gross added value generated by Gazprom during the reporting year was RUB 4.8 trillion, or almost 4.6% of the gross domestic product of the Russian Federation.

The Gazprom Group is one of the core taxpayers in Russia. In 2018, the total tax payments to the budgets of all levels exceeded RUB 3.2 trillion. Mineral extraction tax and customs payments account for the majority of such payments, over 55%.

RUB **3.2** trillion — are the total tax payments in 2018

4.6 % — is Gazprom's share in the gross domestic product of the Russian Federation in 2018

Gazprom Group's operations scale

- **71%** Share in the Russian gas reserves
- **16%** Share in the global gas reserves
- **69%** Share in the Russian gas production
- **12%** Share in the global gas production
- **12%** Share in the Russian crude oil production
- **16%** Share in the installed electric power of the power plants included in the Unified Energy System (UES) of the Russian Federation
- **over 50%** Share in the total gas processing in the Russian Federation
- **10%** Share in heat generation in the Russian Federation
- **18%** Share in the total crude oil and stable gas condensate processing in the Russian Federation
- **14%** Share in electric power generation in the Russian Federation
- **36.8%**[12] Share in the European gas consumption (other than FSU states)

[12] Share of PJSC Gazprom's international gas sales under contracts of Gazprom Export LLC, including volumes sold via the ETP and in course of trading operations and under direct contracts of GAZPROM Schweiz AG, in consumption of gas in Europe (other than FSU states).

Gazprom's key operating indicators as of 2018

498.7 bcm[13]

Natural and associated petroleum gas production in Russia

48.3 mmt[13]

Crude oil production in Russia

15.9 mmt[13]

Gas condensate production in Russia

67.4 mmt

Crude oil and gas condensate processing (tolling arrangements excluded)

153.2 billion kWh

Electric power generation in Russia and in foreign countries

31.1 bcm

Gas processing (tolling arrangements excluded)

131.25 million Gcal

Heat energy generation in Russia

Information on the indicators describing the Gazprom Group's contribution to the economy of the Russian Federation in 2015–2018 is provided in Appendix 3 (p. 164).

Information on generated and distributed direct economic value as of 2015–2018 is provided in Appendix 3 (p. 165).

OPERATIONAL PERFORMANCE

Gazprom is the world leader by natural gas reserves and production, one of the largest Russian companies by liquid hydrocarbons production and processing, as well as by installed capacity and heat and electrical power generation.

KEY PROJECTS

The Gazprom Group implements large-scaled projects aimed at increasing hydrocarbons production and processing, enabling their delivery to customers, as well as at increasing electricity and heat generation and sales.

In 2018, the key Gazprom Group's projects were:

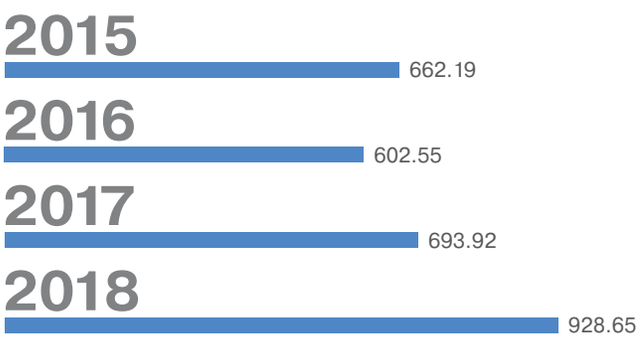
- construction of the Ukhta – Torzhok 2 gas pipeline system;
- expansion of the Bovanenkovo – Ukhta 2 gas pipeline system;
- construction of the Nord Stream 2 gas pipeline;
- construction of the TurkStream gas pipeline;
- construction of the Power of Siberia gas pipeline;
- development of gas transportation facilities of the North-Western Region UGSS, Gryazovets — Slavyanskaya CS segment;
- loopings construction at Gryazovets — Vyborg gas pipeline in order to close String II at Gryazovets — Volkhov segment;
- pre-development operations at Cenomanian-Aptian deposits of the Bovanenkovskoye oil and gas condensate field (OGCF);
- pre-development operations at the Urengoyskoye OGCF;
- pre-development operations at the Chayandinskoye OGCF of Yakutia gas production centre;
- pre-development operations at the Kovyktinskoye gas-and-condensate field (GCF), Irkutsk gas production centre;
- pre-development operations at the Kirinskoye field, Sakhalin gas production center;
- pre-development operations at the Yuzhno- Kirinskoye field, Sakhalin gas production center;
- pre-development operations at the Kamennomysskoye-Sea gas field in the Ob Bay;
- construction of the Amur Gas Processing Plant (GPP) in the vicinity of Svobodny town in the Amur Region;
- construction of a liquefied natural gas (LNG) receiving, storage and regasification terminal and the floating storage and regasification unit (FSRU) in the Kaliningrad Region;
- construction of the LNG production, storage and shipment terminal in the vicinity of Portovaya CS in the Leningrad Region;
- construction of the segment of String II of the Urengoy – Surgut gas condensate pipeline (107 km — 288 km);
- construction of the condensate stabilizer unit of Achimov deposits in the Nadym-Pur-Taz Region;
- construction of the Urengoy — Purpe oil and gas condensate pipeline;

[13] Including the share in production of organizations in which Gazprom has investments classified as joint operations.

- pre-development operations at the Novoportovskoye field in the Yamal Peninsula;
- pre-development operations at the Vostochno-Messoyakhskoye northern onshore deposit of the Russian Federation (YaNAA);
- pre-development operations at the Prirazlomnoye field (oil production project in offshore Arctic);
- construction of the Grozny Thermal Power Plant (TPP).

The gas business accounts for the majority of Gazprom capital expenditures (about 2/3 of the total investments). In 2018, the PJSC Gazprom investment program stipulated implementation of all strategically important projects of the Company.

PJSC Gazprom Investment Program indicators – assimilation of capital expenditures, VAT included, 2015–2018, RUB billion



Pursuant to the draft investment program for 2019, the capital expenditures are going to amount to RUB 963.0 billion

The strategic projects are implemented in the northern, eastern and southern areas.

In the northern area, Gazprom is developing large-scale gas and oil production centres. Yamal Peninsula production complex is developed in the Extreme North conditions, where Gas Production Facility No. 3 of the Bovanenkovskoye field and Ukhta – Torzhok 2 were put in operation in 2018. Oil production is increased further at the unique Prirazlomnoye field. That is the only Arctic Deposit developed in the freezing sea environment. In 2018, *the Northern Gas Transmission Corridor* was expanded further to supply gas to the central and the north-western regions of the Russian Federation and exports by the Nord Stream 2 gas pipeline that is under construction. Construction of the LNG production, storage and shipment terminal in the vicinity of Portovaya CS is in progress. **In the eastern area**, the *Eastern Gas Program* is implemented in order to supply gas to the regions of Siberia and the Far East and export to China by the Power of Siberia gas pipeline. The Amur Gas Processing Plant (GPP) would become an important component of the value chain; there, valuable components will be extracted from gas from the Chayandinskoye and Kovyktinskoye Fields for petrochemical and other industries.

Pre-development operations are underway at the Kirinskoye and Yuzhno-Kirinskoye fields, which are the basis of the Sakhalin gas production center.

In the southern area, construction of the TurkStream gas pipeline continued in 2018 to supply gas to Turkey and European countries. The first power unit was commissioned at the Grozny TPP, which plays an important role in power supply of the southern regions of Russia.

1.2. GAS SUPPLIES TO RUSSIAN AND INTERNATIONAL CONSUMERS

17,890.4 bcm

proven gas reserves according to Petroleum Resources Management System (PRMS) international classification in 2018

Gazprom perceives timely and uninterrupted gas supply to customers as one of its core objectives.

GAS RESERVES

The Gazprom Group's hydrocarbon reserves are evaluated in accordance with the Russian classification and the international PRMS standards.

GRI OG1

Gazprom Group's gas reserves in the Russian Federation in accordance with the Russian and international classifications, 2015–2018 (including the share in reserves of organizations in which Gazprom has investments classified as joint operations), bcm

Indicator	As of December 31			
	2015	2016	2017	2018
Explored reserves in accordance with the Russian classification ($A+B_1+C_1$)[(1)]	36,147.3	36,443.9	35,355.4	35,195.3
incl. ($A+B_1+C_1$)[(1)], that passed evaluation in accordance with PRMS standards	94.2%	95.4%	94.1%	93.0%
PRMS proven and probable reserves	23,705.0	23,855.1	24,146.6	24,255.1
Proven	18,791.2	18,596.5	18,253.4	17,890.4
Probable	4,913.8	5,258.6	5,893.2	6,364.7

(1) In accordance with the new Classification of Reserves and Resources of Oil and Flammable Gases (approved by the Order No. 477, of November 1, 2013, of the Russian Ministry of Natural Resources and Environment), in effect from January 1, 2016, corporate reporting procedures must record reserves of the $A+B_1+C_1$ category, which comprises explored reserves with a high degree of geological certainty and correspond to the previously applicable categories of $A+B+C_1$.

Adjustment of natural gas reserves under the new Russian Classification of Hydrocarbon Reserves, as reflected in the corporate reporting (the recoverable reserves), is attributed to geological exploration and prospecting (GPE), licensing activity and the application of the gas recovery factor (GRF). Booking additional reserves was the result of GPE operations in the YaNAA, in the Kara Sea and the Sea of Okhotsk, in the Eastern Siberia and in the Far East, as well as acquisition of licenses for field development in the Nenets Autonomous Area. The decline of recoverable reserves was driven mainly by application of the GRF approved under the development projects in accordance with the rules of the new Russian reserves classification at the Yamburgskoye (Cenomanian), Bovanenkovskoye, Yuzhno-Russkoye, Chayandinskoye, Yen-Yakhinskoye and Kirinskoye deposits. Additional impact was produced by hand-over of the Semakovskoye, Parusovoye and Severo-Parusovoye deposits to RusGazAlliance LLC joint venture, which reserves are not consolidated in the Gazprom Group.

As of the end of December 2018, the Gazprom Group's PRMS proven and probable reserves of natural gas were 24,255.1 bcm. The increase of gas reserves in accordance with the international PRMS standards by 550.1 bcm between 2015 and 2018 was driven by adding new reserves to the audit (Jurassic sediments of the Bovanenkovskoye field, Cretaceous and Jurassic deposits of the Yubileynoye Field, Yuzhno-Lunskoye, Naryksko-Ostashkinskoye and Taldinskoye fields), booking the GPE results (at the Kharasaveyskoye, Yuzhno-Kirinskoye, Kovyktinskoye, Chayandinskoye, Tambeiskoye, Malyginskoye fields), recalculation of reserves and review of development projects at the Yamburgskoye and Yen-Yakhinskoye fields, as well as by the investment decisions regarding the Novoportovskoye field's gas transportation and sales made by PJSC Gazprom Neft in 2018.

Information on GPE is provided in Appendix 3 (p. 167–168).

Resource base development plans

In 2019, gas reserves replacement shall be achieved through GPE and by continued recording in the State Balance recoverable gas reserves with officially confirmed GRF values.

GAS PRODUCTION

natural and associated petroleum gas production by Gazprom Group in 2018

GRI OG1

In 2018, the Gazprom Group's production of natural and associated petroleum gas (APG) reached 497.6 bcm (498.7 bcm including the Group share in production of organizations in which Gazprom has investments classified as joint operations), which is 5.7% or 26.6 bcm more than in 2017.

Gazprom Group's gas production in the Russian Federation[1], 2015–2018, bcm

Indicator	2015	2016	2017	2018
Gas	418.5	419.1	471.0	497.6
incl. APG	8.4	9.4	10.3	12.9

[1] Excluding organizations, in which Gazprom has investments classified as joint operations.

The Nadym-Pur-Taz (YaNAA) was the main gas production region of the Gazprom Group in 2018. Gazprom also develops strategic gas production centres in the Yamal Peninsula, in the Eastern Siberia and in the Far East, at the continental shelf of the Russian Federation.

Commissioning of the Gas Production Facility No. 3 at the Bovanenkovskoye Deposit was one of the key events at the newly established Yamal gas production center in 2018. Its launch is going to bring gas production from the Cenomanian-Aptian deposits of that field to the design level of 115 bcm per year. The field is expected to be in operation until 2128.

In compliance with the Eastern Gas Program, gas production centres are developed in the Eastern Siberia and in the Far East. Pre-development operations continued at the Chayandinskoye OGCF in 2018: construction of production and power assets, as well as transportation infrastructure was continued, drilling of 136 producing gas wells was completed. The field shall be commissioned at the end of 2019.

In 2018, pilot commercial development of the Kovyktinskoye GCF included research of the theoretical production capacity of the existing producing wells, and construction and installation works. Operation of the Kovyktinskoye GCF shall start in late 2022.

At the continental shelf of the Russian Federation, pre-development operations are continued at the Kirinskoye and Yuzhno-Kirinskoye fields in the Sea of Okhotsk that are a part of Sakhalin-3 Project. At the Kirinskoye GCF, commercial development was started in 2014. The activities aimed at expanding the Kirinskoye field shall be completed by 2021.

At the Yuzhno-Kirinskoye field, production wells drilling started in 2018. Own floating semi-submersible drilling rigs, Polyarnaya Zvezda (Polar Star) and Severnoye Siyaniye (Northern Lights), are used in course of wells drilling. The field shall be commissioned in 2023.

In addition, Gazprom participates in several international projects that are at oil and gas production stage.

The Ipati – Aquio blocks (Bolivia) is one of the largest projects by natural gas production volumes.

For more information on the Gazprom Group's projects abroad, see the section "International exploration and production projects of the Gazprom Group at the prospecting and exploration stage" of Gazprom in Figures 2014–2018 Factbook[14]:

Gas Production Plans

The Gazprom Group plans to produce 495.1 bcm of gas (including 16.0 bcm of APG)[15] in 2019. Increase of gas production at the existing fields and commissioning new fields remain among the priority tasks, which creates the long-term potential for supplying gas to Russian customers and implementation of major export projects.

[14] Page 36, Gazprom in Figures 2014–2018 Factbook, https://www.gazprom.com/f/posts/67/776998/gazprom-in-figures-2014-2018-en.pdf
[15] Net of gas production by organizations, in which Gazprom has investments classified as joint operations.

GAS RESERVES REPLACEMENT

Under the *Long-Term Development Program for 10 years* and the *Mineral Resources Base Development Program until 2040*, Gazprom makes focused efforts aimed at replacing hydrocarbon reserves and preparing them for commercial development. The *Mineral Resources Base Development Program until 2040* stipulates extended replenishment of the mineral resources base taking into account the changing reserves structure and the shift of hydrocarbons production center to the new regions: to the Yamal Peninsula, the Eastern Siberia, the Far East, the shelf of the Russian Federation.

In 2018, the Gazprom Group's $A+B_1+C_1$ reserves increment achieved through GPE in the Russian Federation amounted to 796.6 bcm.

Most of the gas reserves increment was achieved at the Leningradskoye field at the Kara Sea shelf (667.4 bcm) and the Yuzhno-Kirinskoye field at the shelf of the Sea of Okhotsk (100.9 bcm). In 2018, three fields were discovered: Neptune and Triton at the shelf of the Sea of Okhotsk (the total recoverable C_1+C_2 oil reserves are 115.1 mmt), Blizhnenovoportovskoye (YaNAA), as well as 12 new deposits at the previously discovered fields in the YaNAA, KhMAA — Yugra, Tomsk Region, Orenburg Region and at the Kara Sea shelf. In addition, organizations, in which Gazprom has investments classified as joint operations, discovered the Vostochno-Talovskoye field in the Tomsk Region and three deposits in KhMAA — Yugra.

As conventional reserves are depleted, hydrocarbons production would be associated mainly with development of new remote areas.

Development of unconventional and hard-to-recover gas resources requires implementation of efficient technologies based upon innovative solutions. Russia has significant resource potential of unconventional gas sources. The Gazprom Group studies them and develops technologies for their discovery, exploration and commercial development.

Gas reserves in tight terrigenous rock coal-bed methane reserves are prepared best, they are already at the pilot development stage. No efficient technologies were developed for gas production from gas-hydrate deposits anywhere in the world, therefore, such tremendous resources could be developed only in the long term. Shale gas production is not particularly attractive for PJSC Gazprom in the medium- and long term due to economic and environmental advantages of conventional gas.

Hydrocarbon Reserves Replacement Plans

The target hydrocarbon reserves replacement target for 2019 is 625.3 million tons in terms of reference fuel[16], including 523.9 bcm of gas. Most of the gas reserves increment should be achieved at the Kovyktinskoye, Kruzenshternskoye and Dinkov fields.

GAS PROCESSING

In course of gas processing, the Gazprom Group produces valuable components like ethane, propane, butane, helium that are used as feedstock for gas chemical products.

Natural and associated petroleum gas processing volumes in real terms, 2015–2018, bcm

	2015	2016	2017	2018
PJSC Gazprom and main subsidiaries	30.64	30.06	29.94	30.14
Gazprom Neftekhim Salavat	0.44	0.49	0.43	0.46
Gazprom Neft	0.10	0.44	0.45	0.45
Gazprom Group, total	**31.18**	**30.99**	**30.82**	**31.05**

In 2018, the Gazprom Group processed 31.05 bcm of natural and associated petroleum gas (tolling arrangements excluded).

Gas Processing Plans

In 2018, PJSC Gazprom and JSC RusGazDobycha signed the agreement on implementation of the project aimed at construction of the GPP for gas processing and liquefaction in the vicinity of the Ust-Luga settlement (Leningrad Region). That project entails, in particular, processing 45 bcm of gas per year. The feedstock will be ethane-containing natural gas produced by Gazprom from the Achimov and Valanginian deposits of Nadym-Pur-Taz Region fields.

Construction of the Amur GPP (Amur Region) is in progress. It would be the global leader by helium production (the design capacity is up to 60 mcm of helium per year), as well as one of the largest natural gas processing facilities in the Russian Federation (42 bcm of multicomponent gas from Yakutia and Irkutsk gas production centres, with the potential to increase it to 49 bcm per year).

[16] Net of Gazprom Neft Group and organizations, in which Gazprom has investments classified as joint operations.

NATURAL GAS TRANSPORTATION

890.83 km

of gas trunklines and branch connections commissioned by Gazprom in 2018 (incl. 529.17 km of new gas trunklines and branch connections and 361.66 km of renovated gas trunklines)

Gazprom's gas transmission system (GTS), being a part of the UGSS, has a unique scale and technological infrastructure. As of the end of 2018, the length of the Group's gas trunklines and branch connections in the Russian Federation was 172,600 km. The GTS facilities included 257 CS with 3,814 gas compressor units (GCU) having the total capacity of 46,900 MW. During the reporting period, Gazprom commissioned 890.8 km of gas trunklines and branch connections in Russia.

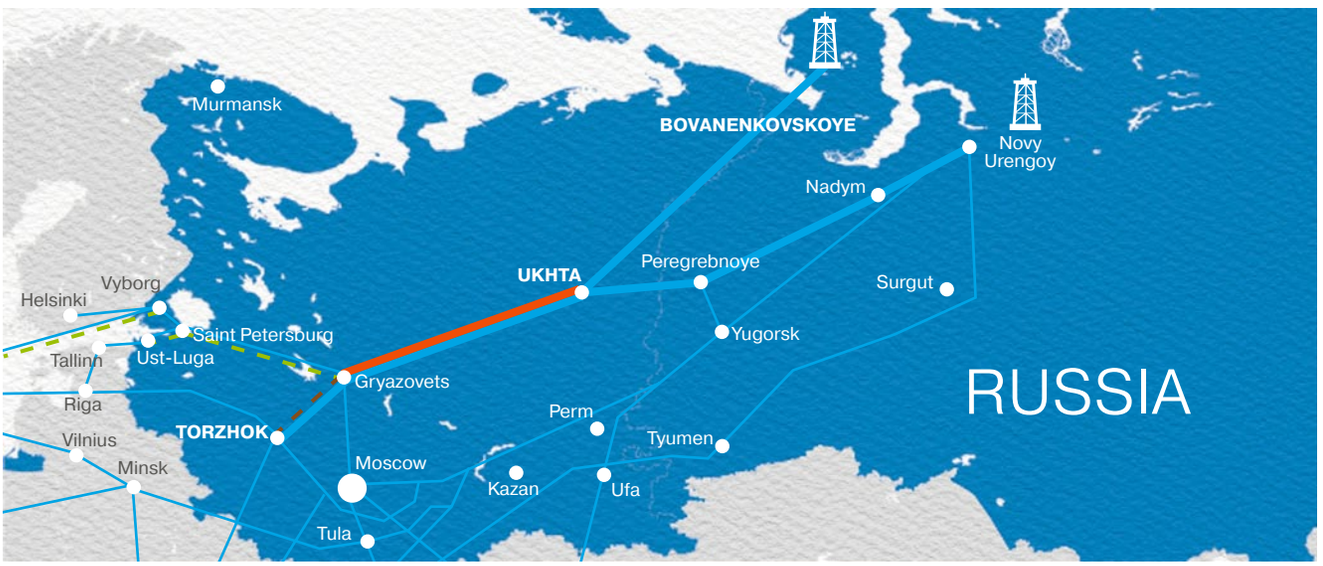
The GTS received 693.1 bcm of gas which is 3.1% more than in 2017.

Gazprom develops the GTS consistently in order to improve security of supplies. In the northern area, the line section of the Ukhta – Torzhok 2 gas trunkline was commissioned in 2018. Construction of the cross-border Nord Stream 2 gas pipeline is in progress.

In the eastern area, main construction works were completed at the line section of the Power of Siberia gas pipeline from the Chayandinskoe field to the Chinese border in 2018.

In the southern area, the TurkStream gas pipeline construction is in progress. In November 2018, deep-water installation of two strings of the gas pipeline was completed ahead of schedule at the bottom of the Black Sea.

Northern gas transmission corridor



Gazprom set two world records in course of the TurkStream gas pipeline construction. The speed of deepwater offshore gas pipeline installation reached 6,330 m per day for the first time ever and anywhere in the world. And for the first time ever anywhere in the world, a 812-mm diameter pipe was installed at a 2,200-meter depth.

For more information on Gazprom gas pipeline development projects see the Gazprom Group's major gas transportation projects section of Gazprom in Figures 2014–2018 Factbook[17]:

[17] Page 51, Gazprom in Figures 2014–2018 Factbook, https://www.gazprom.com/f/posts/67/776998/gazprom-in-figures-2014-2018-en.pdf

Vyacheslav Mikhalenko, Member of the Management Committee and Head of Department at PJSC Gazprom:

"PROTECTIVE ZONES ARE NECESSARY TO ENSURE SAFETY OF PEOPLE AND INTEGRITY OF PIPELINES"

Why are the protective zones and minimal distances to gas pipelines necessary? What documents describe the requirements to them?

Gas trunklines facilities are highly hazardous, as they contain high-pressure explosive substance (gas).

Protective zones are necessary at the gas trunkline facilities in order to ensure their safekeeping, mitigate the risk of damage by third parties, create normal operating conditions and prevent accidents. The minimal distances are established in order to protect people's lives and health in case of an emergency. The borders of the minimal distances show the areas of potential thermal damage in case of accidents at the gas trunkline facilities. And such minimal distances significantly exceed the size of the protective zones.

Compliance with the protective zones and the minimal distances is stipulated by Federal Law No. 69-FZ dated March 31, 1999 "On Gas Supply in the Russian Federation".

In 2018, Federal Law No. 342-FZ "On Amendments to the Urban Planning Code of the Russian Federation and Certain Legislative Acts of the Russian Federation" became effective, and pursuant to Article 105 of the RF Land Code the protective zones and the minimal distances to gas trunkline facilities were included for the first time in the list of use-restricted zones.

Information on the borders of protective zones and minimal distances to gas trunkline facilities are specified in the gas pipeline design documents and area planning documents, as well as included in the Federal State Land Use Planning Information System.

In addition, upon completion of the gas trunkline construction or renovation, the operating entity shall submit information on its actual location to the local authorities.

Who is responsible for compliance with the minimal distances in case of construction in the protective zones of gas pipelines?

Those matters fall within competence of municipal executive bodies that provide land plots to individuals and determine the permitted types of their use, issue construction permits and have the authority over urban development and land use planning matters.

It should be stressed that the legislation explicitly prohibits any facilities construction within the protective zones and within minimal distances.

In order to mitigate the impact of accidents, PJSC Gazprom subsidiaries also control compliance with the minimal distances. Their areas of responsibility are along the operated gas pipelines and they are defined by the appropriate orders.

The activities that are not prohibited by the Gas Trunklines Protection Rules, other than agricultural activities, may be carried out in the protective zones only upon a written permission of the operating subsidiary. And in such case, the list of activities required to ensure safety of people and safekeeping of equipment must be defined.

What approaches are used currently to ensure compliance with the protective zones when populated areas are expanded?

We realize the importance of eliminating the existing breaches and mitigating the social tension associated with that issue. PJSC Gazprom subsidiaries hold sensitization campaigns explaining to the developers the need to stop construction works and other activities that are prohibited in the protective zones and within minimal distances, and explaining the breaches of the established safe distances to the owners of the land plots and buildings as well as their obligations pertaining to compliance with the legislation. The local authorities are notified of the identified breaches. We are also in continuous dialogue with the federal executive authorities aimed to develop the measures for countering spontaneous development in protective zones and zones within minimal distances and to ensure that the location of gas trunkline facilities is taken into account while the borders of the populated areas are expanded.

PJSC Gazprom considers the possibility of developing a feasibility study for the program aimed at eliminating breaches in the areas of high concentration of residential buildings and within the borders of populated areas.

A part of those activities is already in progress: for example, renovation of the Shebelinka – Belgorod – Kursk – Bryansk gas trunkline section between 120th and 160th km entails relocation of the gas pipeline outside the future development area in Belgorod where about 1,000 facilities breaching the minimal distances are registered within the city line, including garages, residential buildings, railway tracks.

GTS Development Plans

Gas export supplies to China are expected to be started from December 1, 2019, using the Power of Siberia gas pipeline. At the end of December 2019, TurkStream shall be commissioned, and up to 31.5 bcm of gas per year is expected to be exported through its two strings. Nord Stream 2 shall also be commissioned at the end of December 2019, its capacity is expected to reach 55 bcm of gas per year. In addition, it is planned to continue construction of gas transportation facilities from Gryazovets to the Slavyanskaya CS to supply gas to Nord Stream 2 and to the customers in the Leningrad Region.

NATURAL GAS STORAGE

Gas Storage in Russia

The Gazprom underground gas storage facilities (UGS) are used to ensure uninterrupted gas supply during the peak-demand winter periods and are located in the main consumption areas. The Group operates 23 UGSs in 15 constituent entities of the Russian Federation. UGS operation is supported by 20 CSs and 217 GCUs with the total capacity over 942.3 MW, the operating well stock consists of 2,705 wells.

By the beginning of 2018/2019 withdrawal season, the potential maximum daily capacity of the Russian UGSs increased up to 812.5 mcm of gas. The increment vs 2017/2018 was 7.2 mcm. From 2010 to 2018, the potential maximum daily capacity of the UGSs increased by 31%. The operating reserve of gas in the Russian UGSs was 72.2 bcm by the beginning of 2018/2019 withdrawal season.

PJSC Gazprom adheres to the requirements of the anti-monopoly legislation providing gas storage services to independent producers and ensuring that equal conditions are applied when gas injection, withdrawal and storage are organized in the UGS in compliance with the approved standard agreement.

The service price is established for each UGS separately and depends upon its operating costs, gas injection volumes and other economically justified indicators taking into account the technological features of the facility and does not depend upon the category of the customer.

Gas Storage Abroad

Gazprom uses UGSs located in several European countries: Austria (Haidach), Germany (Rehden, Katharina), the Netherlands (Bergermeer), Czechia (Dambořice), Serbia (Banatski Dvor), Armenia (Abovyanskoye Underground Gas Storage Unit) and Belarus (Mozyrskoye, Osipovichskoye, Pribugskoye UGSs). In order to bring the volume of gas storage abroad to 5% of exports, Gazprom is concluding agreements for storage facilities lease in Europe in addition to own UGS.

UGS Development Plans

In 2019, the total working capacity shall reach 75,063 bcm as related to Russian UGSs development. By the beginning of 2019/2020 withdrawal season, the potential maximum daily capacity of the UGSs in the Russian Federation would be increased up to 843.3 mcm of gas.

In addition, the capacity of gas storage facilities shall be expanded in Europe by the beginning of 2019/2020 gas withdrawal season. The Banatski Dvor UGS expansion project is in progress (in collaboration with JP Srbijagas, Serbia), which implies the increase of the total working capacity of that storage to 750 mcm.

GAS SALES TO RUSSIAN CONSUMERS. GAS INFRASTRUCTURE EXPANSION

68.6 %

average gas infrastructure penetration in 2018 in the Russian Federation.

RUB 36.7 billion

investments in gas infrastructure development in the regions of the Russian Federation in 2018

AND GAS SUPPLIES IN RUSSIAN REGIONS

Gazprom is the key natural gas supplier at the Russian market. The Group supplies gas in eight federal districts, to 68 constituent entities of the Russian Federation, with the largest supply volumes being accounted for by cities of Moscow and St. Petersburg, the Moscow and Samara Regions, and the Republics of Tatarstan and Bashkortostan. In 2018, Gazprom sold to the customers in Russia 239.7 bcm of gas, which is 9.8 bcm or 4.3% more than in 2017.

Information on the Gazprom Group's gas sales to Russian customers is provided in Appendix 3 (p. 168).

Improvement of Domestic Pricing Mechanisms

Pursuant to Decree of the President of the Russian Federation No. 618 dated December 21, 2017, "On Key Features of the Public Policy Aimed at Competition Development", the National Competition Development Plan of the Russian Federation in 2018–2020 was approved, and one of the most expected outcomes of that plan shall be transition to market gas pricing in case of supply to industrial customers by the end of 2020.

PJSC Gazprom participates in staged transition to market gas pricing for sale to industrial customers. New unregulated segments are established at the domestic gas market and PJSC Gazprom is authorized to pursue a flexible pricing policy there[18].

PJSC Gazprom develops and submits to the Government of the Russian Federation and the federal executive agencies justified proposals on further transition from gas prices regulation to regulating tariffs for gas transportation services using PJSC Gazprom gas trunklines. At the same time, it is proposed to preserve regulation of wholesale gas prices for residential customers.

Gas Infrastructure Expansion and Gas Supplies in Russian Regions

Gas infrastructure development and gas supply to the regions of Russia are among strategically important activities of Gazprom. In 2018, 66 constituent entities of the Russian Federation participated in the Regional Gas Infrastructure Development Program. Gazprom investments under the Program amounted to RUB 36.7 billion in the reporting year.

[18] Gas supply at the domestic market to companies operating export-oriented LNG production projects, as well as to organizations for producing methanol from gaseous natural gas for subsequent export.

Gas distribution and gas infrastructure development in the Russian Federation[1], 2015–2018

	As of December 31			
	2015	2016	2017	2018
Length of gas distribution grid pipelines serviced by Gazprom's subsidiary and affiliated gas distribution organizations (GDOs), thousand km	697.6	710.9	732.0	744.8
Natural gas transmitted through gas distribution systems serviced by Gazprom's subsidiary and affiliated GDOs, bcm	213.9	218.7	220.3	227.8
Customers served by Gazprom's subsidiary and affiliated GDOs:				
apartments and private households, million units	25.1	25.4	25.9	27.1
industrial facilities connected to gas grids, thousand units	31.0	30.7	29.9	30.7
municipal and public utility installations connected to gas grids, thousand units	279.2	287.4	307.7	313.8
agricultural facilities connected to gas grids, thousand units	6.4	6.7	7.2	7.7
Gazprom financing of gas infrastructure development programs, RUB billion	27.6	25.0	29.45	36.7

[1] Net of Gazprom Transgaz Kazan LLC.

In 2018, penetration of gas infrastructure increased in Russia from 68.1% to 68.6%. The total of 2,019 km of gas pipelines (146 facilities) were constructed, and conditions for connecting 49,100 households and apartments and 210 boiler houses to gas grids were created at 272 settlements.

Throughout the term of the *Program* implementation, from 2005 to 2018, over 90% of gas pipelines were constructed in the regions for rural gas infrastructure development. Their total length amounted to about 30,000 km. Conditions for connecting to gas grids were created in more than 752,000 households, over 5,000 boiler houses and businesses in almost 4,000 villages and settlements. Therefore, in 2005–2018 gas infrastructure penetration in the rural areas of the Russian Federation increased 1.7 times — from 34.8% to 59.4%.

In the remote and hard-to-access areas where pipeline gas supply is not feasible from economic and technological point of view, autonomous gas supply systems are used. Such systems entail use of alternative energy sources: LNG, compressed natural gas (CNG) and liquefied petroleum gases (LPG).

In 2018, construction of a marine gas receipt terminal and the only floating storage and regasification unit (FSRU) in Russia, Marshal Vasilevskiy, was completed in the Kaliningrad Region. That vessel transports LNG (the reservoirs capacity is 174,000 cubic meters) and performs its regasification, i.e. LNG conversion from liquid to gaseous state. The terminal and the FSRU enable marine delivery of natural gas and are able to meet the current and the future demand in the Kaliningrad Region, if necessary.

Regional Gas Infrastructure Expansion Program: Implementation Issues

The key issues faced in course of the *Regional Gas Infrastructure Expansion Program in Russia* implementation are incomplete utilization of gas pipeline branches due to customers being not ready to receive gas, as well as unsatisfactory payment discipline of the customers with regard to payments for natural gas supplied.

Only 10 out of 66 constituent entities of the Russian Federation that participated in the *Gas Infrastructure Expansion Program* in 2018 discharged of their obligations in full. Other regions are lagging behind the activity synchronization schedules significantly.

Gazprom continues systemic work aimed at enhancing payment discipline of the Russian customers.

GRI 102-44

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QUESTIONS FROM STAKEHOLDERS

Question from customers:

WHICH AREA OF RESPONSIBILITY DO HOUSEHOLD GAS EXPLOSIONS BELONG TO?

In 2018, according to Gazprom Mezhregiongaz LLC information, there were 97 accidents associated with explosion or ignition of gas-air mixture. The key reasons of such accidents were: unauthorized intervention of the individuals in the structure of the consumer gas piping, i.e. repair, replacement, installation of equipment or gas pipelines, or their connection to the source of gas, etc; breach of the safe operation rules; use of equipment in case of draft interruption in smoke or ventilation channels.

It should be remembered that the person managing the real estate or the household owner are legally responsible for ensuring proper condition and normal operation of smoke and ventilation channels, and the owners of gas equipment are responsible for its due maintenance.

Plans for Gas Infrastructure Expansion and Gas Supplies to Russian Regions

Gazprom intends to accelerate the pace of gas infrastructure development in the regions by 1% in 2019. The plans include construction of 112 facilities with the total length of approximately 1,700 km in 28 regions of Russia. Conditions for connection to gas grids will be created in 143 settlements covering about 44,000 households and apartments and 171 boiler houses. In 2019, the *Regional Gas Infrastructure Development Program of the Russian Federation*, like in 2018, includes 66 regions. The investments will amount to RUB 34.3 billion.

DIALOGUE WITH AN EXPERT

Gennady Sukhov, Member of the Management Committee and Head of Department at PJSC Gazprom:

"OVER 13 YEARS, GAS INFRASTRUCTURE PENETRATION INCREASED IN RUSSIA FROM 53.3% TO 68.6%"

What should we do to make sure that our settlement is included in the Gazprom's Gas Infrastructure Expansion Program?

PJSC Gazprom defines the Gas Infrastructure Expansion Program proceeding from the proposals of regionals administrations that are governed by economic feasibility and the outlook of social and economic development of the regions or districts. Therefore, in order to make sure that inclusion of a particular settlement into the Program is considered, the appropriate request shall be sent to the local administration.

How much did gas infrastructure penetration increase in Russia during the Program implementation period? When will pipeline gas supply in Russia reach 100%?

Gas infrastructure penetration increased in Russia in 2005–2018 by 15.3 percentage points (p. p.) — from 53.3% to 68.6%, in particular, it increased in the cities to 71.9%, and in the rural areas to 59.4%.

It should be mentioned that pipeline gas supply is economically or technologically unfeasible in many settlements. In such cases we use other methods, e.g. autonomous gas supply.

How are settlements connected to gas grids under the Gazprom's Program? Who finances different stages of works?

Gazprom is responsible for construction of gas pipelines between settlements and the required gas infrastructure up to the borders of the settlements. And regional authorities are responsible for gas distribution pipelines construction within settlements and for bringing gas to end customers.

In certain regions, population's funds are used for financing street gas distribution grids construction. The amounts of participation are established by the local authorities and depend upon the budget resources.

Construction of the gas pipeline from the street grid to the basement of the house, including the subscription fee for connection, is usually financed by the house owner. The amount of costs depends upon the type of gas pipeline (underground or surface), its length and pipes used (steel or polyethylene). The population finances procurement and installation of gas equipment in residential premises. In case of complex gas infrastructure development and centralized equipment supply, its price is lower. In most cases, when a household is connected to the gas grid, the customers initially install only gas ovens.

Does the regional customers debt for gas supply affect their participation in the Gas Infrastructure Expansion Program?

The regional customers debt for gas supplied has the direct impact upon the amount of investments allocated by Gazprom to gas infrastructure expansion in such regions. Numerous failures to make payment can adversely affect implementation of the Gas Infrastructure Expansion Program, since they are taken into account when feasibility of gas pipelines construction is determined.

GAS SALES TO INTERNATIONAL CONSUMERS

36.8 % — share of PJSC Gazprom in European gas consumption

201.9 bcm — record-level gas supply to Europe in the Company history

Pipeline gas supply

In 2018, PJSC Gazprom gas supplies[19] to European, other than FSU, countries[20] reached 201.9 bcm, having increased by 7.5 bcm or by 3.8% vs 2017. PJSC Gazprom's share of gas sales[21] in European gas consumption of other than FSU countries reached the record level of 36.8% (+2.6 p.p.), and in the imports[22] of those countries it increased to 67.1% (+3.4 p.p.). The largest gas supply volume, being the maximum over the company history, was registered in Germany — 58.5 bcm, which is 5.1 bcm (+9.5%) more than in 2017.

To the FSU countries, the Gazprom Group supplied 38.1 bcm of gas (which is 8.9% more than in 2017).

Information on the Gazprom Group's gas sales abroad is provided in Appendix 3 (p. 168–171).

International pipeline gas sales

Western Europe	Austria, Belgium, UK, Germany, Greece, Denmark, Ireland, Italy, Netherlands, Turkey, Finland, France, Switzerland
Central and Eastern Europe	Bulgaria, Bosnia and Herzegovina, Hungary, Macedonia, Poland, Romania, Serbia, Slovakia, Slovenia, Croatia, Czechia
FSU countries	Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Ukraine, Estonia, South Ossetia

[19] PJSC Gazprom's international gas sales under contracts of Gazprom Export LLC, including volumes sold via the ETP and in course of trading operations and under direct contracts of GAZPROM Schweiz AG.
[20] European other than FSU countries means the European Union countries (other than Estonia, Latvia and Lithuania), as well as Albania, Bosnia and Herzegovina, Macedonia, Norway, Serbia, Switzerland and Turkey.
[21] PJSC Gazprom's international gas sales under contracts of Gazprom Export LLC, including volumes sold via the ETP and in course of trading operations and under direct contracts of GAZPROM Schweiz AG.
[22] Difference between consumption and domestic production taking into account withdrawal from and injection to the UGS.

GRI 102-44

QUESTIONS FROM STAKEHOLDERS

Question from the representative of the investment community:
DOES GAZPROM COLLABORATE WITH IRANIAN COMPANIES?

The Company studies business opportunities in Iran taking into account the requirements of the Russian Federation law, international law provisions, as well as economic, production and legal risks.

In 2009 – 2017, Gazprom signed several non-binding memoranda of understanding with Iranian companies. No investment or production activities are carried thereunder. The PJSC Gazprom representative office operates in Iran without any right to carry out any commercial activities.

Gazprom Group[1] has representative offices in Austria, Azerbaijan, Algeria, Bangladesh, Belgium, Bulgaria, Bolivia, Brazil, Venezuela, Vietnam, Germany, Greece, India, Iran, Kazakhstan, Qatar, Kyrgyzstan, China, Latvia, Macedonia, Moldova, Nigeria, Poland, Romania, Tajikistan, Slovakia, Turkmenistan, Turkey, Uzbekistan, Ukraine, Finland, Czechia, and Japan.

[1] Net of Gazprom Neft Group.

Large Scale LNG Supplies

Gazprom holds a diversified LNG trading portfolio and supplies it to the Asia-Pacific Region (APR), Middle East and European countries. In 2018, international LNG sales from the Group trading portfolio reached 3.88 mmt (5.18 bcm), which is 16% more than in 2017. In 2018, there began LNG supplies under long-term LNG offtake contracts from Yamal LNG and from the floating LNG plant in Cameroon; in addition, LNG supplies started under the long-term sale and purchase agreement with Indian company GAIL. Share of LNG (from Sakhalin II project) reached 38% of the Gazprom Group's LNG supply to foreign countries.

The key destination for international supply of LNG from the Gazprom Group's trading portfolio is APR (76% of supplies). In 2018, Indian market accounted for the largest LNG supply volume from the Group trading portfolio — approximately 20% of the total sales.

In 2018, construction of the Baltic LNG plant, LNG production, storage and shipment complex near the Portovaya CS, as well as the increase of the LNG plant capacity at the Sakhalin II project were continued.

For more information on future LNG projects, see the Section "Promising large scale LNG projects with Gazprom Group's participation" in Gazprom in Figures 2014–2018 Factbook[23]:

[23] Page 80, Gazprom in Figures 2014–2018 Factbook, https://www.gazprom.com/f/posts/67/776998/gazprom-in-figures-2014-2018-en.pdf

Large-scale LNG supplies

Europe	Spain, Russia
Middle East	Kuwait
Asia-Pacific countries	India, China, Taiwan (China), Republic of Korea, Japan

Small Scale LNG Supplies

An important area of the LNG market development is construction of small-capacity LNG plants having the capacity of up to 1 million tons per year in accordance with the International Gas Union classification.

Small-capacity LNG production is carried out at the Gazprom Group and Gazprom Gazomotornoye Toplivo LLC plants located in the Leningrad Region (Peterhof town), Kaliningrad Region (Bolshoe Isakovo settlement), Sverdlovsk Region (Yekaterinburg and Pervouralsk), Perm Territory (Kanyusyata village). Export supplies are also performed from the plants in Kingisepp and in Pskov, and since 2019 also from Vysotsk (Leningrad Region), which are owned by Criogaz Group companies. In 2018, LNG was supplied to Finland, Poland, Estonia, Czechia, Lithuania, Latvia and Kazakhstan. The total export sales of small-capacity LNG increased from 21,700 tons in 2015 to 47,300 tons in 2018.

Plans for International Gas Supplies

In the medium term, Russian gas supply to the foreign markets will increase. China is going to become one of the most attractive new markets for Gazprom, where gas consumption growth rate reached 18% in 2018. Construction of gas transportation infrastructure in the East of Russia would enable Gazprom to become one of the leading gas suppliers to China and reach a sustainable position at the fastest growing gas market in the world.

GRI 102-44

QUESTIONS FROM STAKEHOLDERS

Question from business partners:
DO YOU STILL HAVE PLANS TO DEVELOP ALTERNATIVE GAS SALE INSTRUMENTS?

The role of trading platforms as pricing benchmark becomes more pronounced at the European gas market.

Since the end of 2017, Gazprom Export LLC is engaged in gas trading at the appropriate platforms. In August 2018, the Company launched its proprietary electronic trading platform (ETP) to sell gas both under standardized market conditions and under own contractual terms and conditions. The ETP allows to propose gas supply contracts at any potential hand-over points (both at the trading facilities and at the illiquid border points) with different supply terms starting with 1 day. Therefore, Gazprom Export LLC intends to use the ETP for operational gas placement at the market, as well as offer to the customers more competitive products taking into account their individual requirements.

In 2018, the total gas sales through the said channels amounted to more than 5.5 bcm.

NATURAL GAS VEHICLE FUEL MARKET DEVELOPMENT

Natural gas vehicle (NGV) fuel production and sale is one of the strategic activities of the Gazprom Group. Both CNG and LNG are used as motor fuel.

Natural gas is the most efficient, environmentally friendly and safe fuel. For more information on natural gas as efficient motor fuel see[24]:

Government relations aimed at setting up the environment for NGV fuel market development

Gazprom collaborates actively with the federal executive agencies in order to set up the environment required for NGV fuel market development in the Russian Federation. Special attention is paid to improvement and updating of the regulatory framework:

- The Customs Union Technical Regulation TR CU 018/2011 *On Safety of Wheeled Vehicles* was updated;
- The Eurasian Economic Union Technical Regulation *On Safety of Combustible Natural Gas Prepared for Transportation and/or Use* (TR EEU 046/2018) was approved;
- The Strategy of Automotive Industry Development in the Russian Federation until 2025, approved by Order of the Government of the Russian Federation No. 831-r dated April 28, 2018, was supplemented with information on the current status of gas refilling and service infrastructure for natural gas vehicles, as well as of the need to provide priority support to gas-engine vehicles production and demand for them.

At the end of 2018, the concept of the comprehensive strategic document *NGV Fuel Market Development* Subprogram of the *Energy Sector Development* State Program of the Russian Federation was approved as a result of collaboration with the federal executive authorities. The document would ensure development of gas refilling infrastructure and would facilitate development of the optimal environment for increasing the number of gas-engine vehicles in Russia, reducing the customer motor fuel expenses and mitigating adverse impact of transport upon atmospheric air.

The key goals of the subprogram are: four-time increase of NGV refueling network in Russia to 1,400 automobile gas-filling compressor stations (CNG filling stations), and five-time increase of gas sales as motor fuel[25].

In order to create the environment for the Gazprom Group's business development as related to NGV fuel market development, the following support measures were developed in 2018 and earlier in collaboration with the regional authorities:

[24] http://gazprom-gmt.ru/public/downloads/Natural_Gas-Efficient_Engine_Fuel.pdf
[25] http://gazprom-gmt.ru/press-center/publications/Minenergo_dobavit_gazu_v_chem_sut_programmyi_razvitiya

- Seven agreements on cooperation aimed at NGV fuel market development were concluded with the constituent entities of the Russian Federation (in 2013–2018, such agreements were concluded with 60 constituent entities of the Russian Federation);
- NGV Fuel Market Development Task Forces were established in 47 constituent entities of the Russian Federation, which are currently in operation, in addition, task forces established under the Presidential Envoys are operating in Volga and Urals Federal Districts;
- The regional state programs (subprograms) aimed at NGV fuel market development were approved in 26 constituent entities of the Russian Federation, stipulating the target indicators for the number of vehicles purchased and converted to CNG;
- Standalone activities aimed at incentivizing natural gas use as engine fuel stipulated by the program-level documents are carried out in 22 constituent entities of the Russian Federation;
- Zero or reduced transport tax rates are applied for NGVs in 20 regions, including the Chelyabinsk and Leningrad Regions that implemented that measure in 2018;
- In the regions where compressed natural gas sales are actively developed, the regional authorities add to the tender documents the requirements on mandatory use of gas-engine buses during the public tenders for servicing social routes. Such tender procedures were enacted in 36 constituent entities of the Russian Federation;
- In the Sakhalin Region, the program of state support of conversion was adopted; since 2018 over 420 vehicles have been converted to NGV fuel;
- The Government of the Sakhalin Region granted subsidies from the regional budget (in the amount of 70%) to investment projects of small-scale LNG production, construction of LNG receipt, storage and regasification systems, development of NGV refueling infrastructure and transportation of compressed and liquefied natural gas;
- In 8 regions, projects for the construction of CNG filling stations have the status of Large-scale / Strategic Regional Projects (Samara Region, Volgograd Region, Udmurt Republic, Moscow, St. Petersburg, Kaliningrad Region, Republic of Mordovia, Republic of Tatarstan).

NGV Fuel Market Development in the Russian Federation

The Gazprom Group implements the following programs aimed at NGV fuel market development:

- *The Program for NGV Refill Infrastructure Development at Sites of Subsidiaries in 2017–2019;*
- *The Program for Small-scale LNG Production and Use Development*.

Those programs stipulate a set of activities aimed at Gazprom vehicles conversion to natural gas and installation of the NGV refilling modules at the sites of the Group enterprises. They define the list of gas distribution stations (GDS) and liquefaction technologies having the best potential for LNG production, as well as stipulate construction of the new sales infrastructure facilities — stationary cryogenic refill stations (cryo-GS) and mobile LNG fuel tankers.

In the Russian Federation, there are 406 NGV refill facilities: 390 CNG filling stations and 16 sites for mobile gas fuel tankers (MGFT), 309 of them are owned by Gazprom (293 CNG filling stations and 16 MGFT sites). The total capacity of the Company NGV refueling network is 2.2 bcm of gas per year.

Gazprom Gazomotornoye Toplivo LLC performance indicators at the NGV fuel market of the Russian Federation[1], 2015–2018

	2015	2016	2017	2018
Share of the NGV fuel market of the Russian Federation[2], %	1.2	16.6	24.2	22.3
Investments in construction and upgrading of gas fuel infrastructure facilities: CNG filling stations, MGS, NGV maintenance stations, RUB million	2,938.08	3,748.13	4,057.11	4,643.82
NGV fuel sales, incl.:				
CNG, mcm	5.8	92.9	145.3	218.8
CNG, RUB million	57.1	975.7	1 557.1	2 511.4
LNG, thousand tons	14.3	13.4	19.7	22.4
LNG, RUB million	248.3	229.3	383.4	482.7
Number of operating and built CNG filling stations, units	1	49	55	78
Number of regions with active CNG station network, units	1	22	27	35

[1] Gazprom Gazomotornoye Toplivo LLC is not included in the IFRS consolidated statements of PJSC Gazprom. Information on the operations of Gazprom Gazomotornoye Toplivo LLC is included in the Report as NGV fuel market development topic was deemed material.
[2] Share of Gazprom Gazomotornoye Toplivo LLC CNG sales in the total sales across Russia.

The actual sales of CNG from the Group's CNG filling stations amounted to 598.2 mcm in 2018, which is 13.7% more than in 2017.

Gazprom gas refill infrastructure is developed in 17 priority regions. In 2018, implementation of the pilot projects aimed at accelerated development of the regional NGV fuel markets was started. The projects imply construction of the maximum number of CNG filling stations for broader coverage of the customers.

LNG also has significant potential as engine fuel. It is used in motor vehicles in case of long-haul cargo and passenger transportation, as well as in water and railway transport, in mining and agriculture. In 2018, the sales of small-scale LNG produced by the Gazprom Group and Gazprom Gazomotornoye Toplivo LLC amounted to 30,500 tons.

In 2018, construction of the first Gazprom cryo-GS was started at M11 Moscow — St. Petersburg highway near Okulovka town in the Novgorod Region. Gazprom intends to build six cryo-GS along that highway.

NGV Market Development Abroad

Gazprom continues developing of NGV market abroad: in Germany, Czechia and Poland through 100% subsidiary Gazprom NGV Europe GmbH, in Serbia through NIS company (part of Gazprom Neft Group). As of December 2018, there were 70 Gazprom Group's CNG filling stations and cryo-GS in Europe. The companies' CNG and LNG sales via the Group own stations reached 12.9 mcm in 2018, which is 5% more than in 2017.

The Group also sells CNG via CNG filling stations in the FSU states: Armenia, Belarus, Kyrgyzstan.

In 2018, the resolution was passed to approve the pilot project for construction of a small-scale LNG production plant in Vietnam. The project is implemented by PVGAZPROM Natural Gas for Vehicles JV established by Gazprom EP International B.V., Gazprom Gazomotornoye Toplivo LLC and PETROVIETNAM GAS.

The information on NGV sales abroad is provided in Appendix 3 (p. 171).

NGV Market Development Outlook

Different formats of the points of sale are used in order to expand the refill stations network and increase NGV fuel use: CNG filling stations and cryo-GS, MGFT, etc. The total number of NGV fuel infrastructure facilities shall reach 500 by the end of 2023.

The regional markets in Russia would be linked by NGV fuel corridors using gas refill infrastructure to sell liquefied and compressed natural gas. It is going to be focused along the key federal highways with significant traffic, as well as along the Russian section of Europe – China international transportation route.

The international NGV fuel markets growth rates are expected to accelerate past 2040, as certain countries — India, China, France, Germany, Netherlands, UK, Norway — have already announced the prohibition on sale of diesel and gasoline engines in 2025–2040. The additional market potential for natural gas as an engine fuel will be 100–250 bcm, including 30–75 bcm accounted for by the share of the Russian Federation[26].

[26] https://minenergo.gov.ru/node/13712

DIALOGUE WITH AN EXPERT

Oleg Melekhin, Director General of Gazprom Gazomotornoye Toplivo LLC:

“NATURAL GAS VEHICLE FUEL IS SAFER FOR THE ENVIRONMENT AND MORE PROFITABLE FOR CUSTOMERS”

What do you think about the current development of NGV fuel market in Russia?

We gradually overcome the factors hampering the NGV fuel market development in Russia. That is driven by environmental and economic advantages of methane compared to conventional fuels. We would all breath cleaner air, but the price is another important advantage: in 2018, the average CNG price in was RUB 14.2 per cubic meter in Russia, which equals 32% of the average diesel fuel price and 65% of LPG price. And from consumption point of view, 1 cubic meter of natural gas is equivalent to 1 litre of gasoline.

Natural gas generates tangible economic benefits. For example, in cargo or passenger transportation. If about 10 cubic meters of methane are required to travel 100 kilometers, the cost per kilometer is RUB 1.6, and if gasoline is used 1 kilometer out of 100 costs more than RUB 4.2.

Due to Gazprom comprehensive work, sales of natural gas as engine fuel increase annually by 8–13%. In general, methane has good chances to gain a significant market share, however, that requires an extensive gas refilling infrastructure and consistent increase of the number of natural gas vehicles. Gazprom Gazomotornoye Toplivo LLC continues working on that and collaborates with all constituent entities of the Russian Federation. By the end of 2020, Gazprom’s CNG station network will consist of more than 400 facilities.

What are the specific plans of Gazprom Gazomotornoye Toplivo LLC for facilitating the NGV fuel market development in Russia?

Our objective is to expand the NGV stations network to make sure that vehicles could be filled with CNG every 250 km and with LNG every 400 km. In order to achieve that, construction of CNG filling stations and cryo-GS is in progress, MGFTs are operated, CNG modules are installed at the operating GSs and industrial sites of PJSC Gazprom subsidiaries.

The Company also collaborates with automakers to expand the range and increase production of natural gas vehicles. Cooperation agreements were signed with many Russian and foreign manufacturers, including AvtoVAZ, KAMAZ, GAZ Group, IVECO, Scania, etc.

What should customers use as engine fuel: CNG or LNG?

Both of them are natural gas. The only difference is the method used to reduce its volume. In case of LNG, more complex equipment is required, and it costs a bit more, but ultimately gas has smaller volume increasing the distance run on one fill. This type of engine fuel has significant potential in maritime shipping and is an alternative to diesel fuel for heavy-duty trucks.

How safe are cars equipped with CNG systems?

If gas equipment is installed by professionals at the official centres, or if the purchased car was manufactured accordingly, there are no reasons for concerns. It is only necessary to adhere to the safety rules and perform timely checks of the gas cylinder to make sure it is in good order. The walls of the gas cylinder bear the working pressure of 200 atmospheres. This makes explosion impossible even in case of a major accident. In addition, the gas cylinder fixtures are equipped with automatic devices preventing gas leaks in case of damage of the device delivering gas to the engine.

1.3. CRUDE OIL AND PETROLEUM PRODUCTS SUPPLIES

1,335.4 mmt — proven and probable crude oil reserves according to PRMS international classification

48.3 mmt — crude oil production in 2018

1,090.2 mmt — proven and probable gas condensate reserves according to PRMS international classification

The core operations of the Gazprom Group's oil segment are exploration, production, processing and sale of crude oil, gas condensate and petroleum products. PJSC Gazprom Neft is the key link of the Gazprom Group's oil business.

In 2018, *PJSC Gazprom Neft Development Strategy until 2030* was approved, it defines the goals and the areas of the company long-term development. The Strategy entails implementation of the growth and performance improvement opportunities through development and implementation of the advanced technological solutions.

LIQUID HYDROCARBONS RESERVES AND PRODUCTION

As of the end of 2018, the Gazprom Group's proven and probable reserves of crude oil and gas condensate under the PRMS international standards amounted to 1,335.4 mmt and 1,090.2 mmt, respectively. According to the Russian classification ($A+B_1+C_1$ categories), the reserves are 2,015.7 mmt of crude oil and 1,604.4 mmt of gas condensate.

15.9 mmt — gas condensate production in 2018

GRI OG1

Gazprom Group's crude oil and gas condensate reserves in the Russian Federation in accordance with the Russian and the international classifications, 2015–2018 (including the share in reserves of organizations in which Gazprom has investments classified as joint operations)

Indicator	As of December 31			
	2015	2016	2017	2018
Crude oil, mmt				
Explored reserves in accordance with the Russian classification ($A+B_1+C_1$)[1]	2,082.0	2,078.5	2,045.3	2,015.7
including the reserves that passed evaluation in accordance with PRMS standards	92.4%	93.3%	93.5%	93.9%
Proven and probable reserves in accordance with the PRMS international classification	1,355.4	1,378.7	1,360.0	1,335.4
Proven	792.7	789.5	736.8	712.3
Probable	562.7	589.2	623.2	623.1
Gas condensate, mmt				
Explored reserves in accordance with the Russian classification ($A+B_1+C_1$)[1]	1,499.5	1,534.9	1,592.6	1,604.4
including the reserves that passed evaluation in accordance with PRMS standards	92.2%	93.5%	92.7%	94.1%
Proven and probable reserves in accordance with the PRMS international classification	933.3	1,018.9	1,105.7	1,090.2
Proven	699.5	759.2	797.8	759.7
Probable	233.8	259.7	307.9	330.5

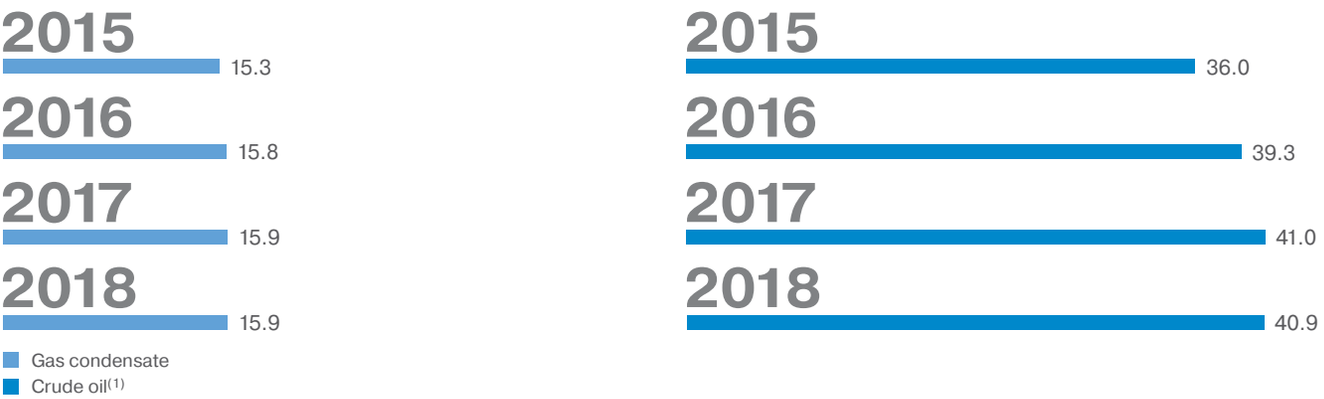
[1] In accordance with the new Classification of Reserves and Resources of Oil and Flammable Gases (approved by the Order No. 477, of November 1, 2013, of the Russian Ministry of Natural Resources and Environment), in effect from January 1, 2016, corporate reporting procedures must record reserves of the $A+B_1+C_1$ category, which comprises explored reserves with a high degree of geological certainty and correspond to the previously applicable categories of $A+B+C_1$.

During the reporting period, the changes of gas condensate and crude oil reserves according to the Russian and the international classification were driven mainly by GPE, production and taking into account the actual exploration data.

In 2018, the Gazprom Group's liquid hydrocarbons production amounted to 56.8 mmt . Crude oil production amounted to 40.9 mmt (48.3 mmt including the share in production of organizations in which Gazprom has investments classified as joint operations), which is slightly less than in 2017.

GRI OG1

Gazprom Group's liquid hydrocarbons production in the Russian Federation, 2015–2018, mmt



(1) Net of the share in production of organizations in which Gazprom has investments classified as joint operations.

Gazprom Neft accounts for the majority of crude oil production. Gazprom Neft continued increasing production volumes at the main oil fields: Novoportovskoye (+18.3%), Prirazlomnoye (+23.1%).

Liquid Hydrocarbons Exploration and Production Plans

In 2019, Gazprom Group plans to produce 41.7 mmt of crude oil and 15.7 mmt of gas condensate[28].

The main sources of production growth will be the operating and newly commissioned fields, development of unconventional and hard-to-recover reserves, e.g. the Bazhenov and Achimov formations, and offshore projects. In the medium term, the Company plans to achieve the strategic production target of 100 million tons of oil equivalent with ensuring 15-year proven reserves and 100% annual replacement. Further growth is planned at least at the industry average level.

CRUDE OIL RESERVES REPLACEMENT

As of the end of 2018, the Gazprom Group's increment of liquid hydrocarbons reserves driven by GPE in $A+B_1+C_1$ categories in the Russian Federation was:

- 21.8 mmt of gas condensate;
- 19.4 mmt of crude oil.

In 2018, a new major oil field, Triton, was discovered in the shelf area of the Sea of Okhotsk and included in the State balance sheet; in addition, Neptune field discovered in 2017 was included in the State balance sheet. The recoverable crude oil reserves are 70.1 mmt at Neptune field and 45.0 mmt at Triton field.

[27] Net of the share in production of organizations in which Gazprom has investments classified as joint operations.
[28] Net of the share in production of organizations in which Gazprom has investments classified as joint operations.

As conventional reserves are depleted, crude oil production would be associated mainly with new fields development in remote areas.

Unconventional and hard-to-recover reserves are concentrated in the Bazhenov and Achimov formation. The Bazhen Technology Center was established for the Bazhenov formation development; its key objective is to develop the set of commercially viable Russian technologies. In 2017, the project was awarded the National Project status.

In course of unconventional hydrocarbon reserves development at the Bazhenov Formation, Bazhen Technology Center tested successfully eight new Russian drilling technologies. Ten high-tech wells were drilled, and commercial oil flow was achieved at each of them. In 2018, Bazhen Technology Center performed 70 stages of hydrofracturing of the formation (HF), achieving the density of 15 stages per 1,000 m. The high-tech wells drilling terms were reduced from 47 to 35 days, and the HF stage term was made two times shorter, from 48 to 24 hours (the best result was 8 hours).

Hydrocarbon Reserves Replacement Plans

The hydrocarbon feedstock increment target was set for 2019 at 625.3 million tons in terms of reference fuel[29], including 14.5 mmt of gas condensate and crude oil. Most of the increment of liquid hydrocarbons reserves is expected in the Kara Sea shelf area.

LIQUID HYDROCARBONS PROCESSING

liquid hydrocarbons processing volume

In 2018, the Gazprom Group increased liquid hydrocarbon feedstock (crude oil, gas condensate, fuel oil) by 5.1% to 67.4 mmt; the growth was driven mainly by the increase of processing at Gazprom Neft Group and Gazprom Neftekhim Salavat facilities.

Gazprom Neft performs most of the liquid hydrocarbons refining within the Gazprom Group at Moscow and Omsk Refineries.

In order to increase the depth of oil refining and increase the yield of light petroleum products, in 2018 Gazprom Neft continued implementation of the second stage of technological and environmental upgrading the operating refineries. At the Moscow Refinery, construction and installation works were completed at the modern energy-efficient Euro+ complex. Its commissioning will help reduce the environmental impact per ton of crude oil processed by 11.1%.

At the Omsk Refinery, construction of the new CDU / VDU for primary crude oil processing, the advanced oil refining complex and upgrading the delayed coker were continued. In addition, the Omsk Refinery implements the project aimed at setting up the new facility to produce catalysts used for the key processes of secondary oil processing, which, in turn, enable production of Euro-5-compliant engine fuels. The Ministry of Energy of the Russian Federation assigned to the project the national status. In 2018, implementation of the new domestic active matrix catalysts was started; unlike imported analogues, they convert the molecules of hydrocarbon feedstock in valuable products more efficiently.

In 2018, the Moscow Refinery improved the yield of light petroleum products and the refining depth to 59.6% and 83.1%, respectively. The Omsk Refinery also maintained high performance: 71.0% and 90.9%, respectively.

Liquid Hydrocarbons Processing Plans

Implementation of refining facilities upgrade programs remains the strategic priority in oil refining development. As a result of upgrading of oil refining assets, the oil refining depth is going to increase to 95%, and light petroleum products yield to 80%.

Liquid hydrocarbons processing at the Gazprom Group(1), 2015–2018, mmt

	2015	2016	2017	2018
PJSC Gazprom and its key subsidiaries (unstable gas condensate, crude oil)	17.26	17.55	17.47	17.75
Gazprom Neft Group (crude oil, stable gas condensate)	43.07	41.89	40.11	42.91
Gazprom Neftekhim Salavat (crude oil, stable gas condensate, fuel oil)	6.44	6.47	6.48	6.74
Gazprom Group, total	**66.77**	**65.91**	**64.06**	**67.40**

(1) Tolling arrangements excluded.

[29] Net of Gazprom Neft Group and organizations, in which Gazprom has investments classified as joint operations.

SALES OF CRUDE OIL, GAS CONDENSATE AND PETROLEUM PRODUCTS

45.91 mmt

petroleum products sales volume

In 2018, the Gazprom Group's crude oil and gas condensate sales amounted to 25.6 mmt, which is 7.2% less than in 2017. This is primarily due to the increase of liquid hydrocarbon feedstock processing volumes upon completion of the scheduled overhauls at Gazprom Neft refineries in Russia in 2017.

Information on the Gazprom Group's crude oil and gas condensate sales is provided in Appendix 3 (p. 172).

Information on the Gazprom Group's petroleum products sales is provided in Appendix 3 (p. 172).

Gazprom Neft accounts for the majority of petroleum products sales within the Group. Engine fuels are sold through the network of gas stations (GS) and small-scale wholesale channels. In addition, petroleum products are supplied to industrial customers.

Gazprom Neft Group's petroleum products sales volume, 2015–2018, mmt

	2015	2016	2017	2018
Automotive gasoline	9.75	10.57	10.68	10.87
Diesel fuel	12.81	13.27	13.37	14.01
Jet fuel	3.62	3.36	3.51	3.84
Bunker fuel	3.98	2.87	3.29	2.89
Fuel oil	7.42	6.62	5.23	6.09
Bitumen	2.05	2.17	2.65	2.97
Lubricants	0.43	0.45	0.41	0.49
Petrochemicals	1.45	1.35	1.25	1.35
Other petroleum products	3.33	2.93	3.09	3.40
Total	**44.84**	**43.59**	**43.48**	**45.91**

In 2018, Gazprom Neft sold 45.91 mmt of petroleum products, which is 5.6% more than in 2017. The sales increased along the whole range of petroleum products other than marine fuels (–12.2%). Sales of the light petroleum products having the highest added value (jet fuel (+9.4%), diesel fuel (+4.8%), motor fuel (+1,8%)) increased. In 2018, petroleum products sales growth was driven mainly by demand at the domestic market where the petroleum products sales increased by 6.1% to 29.7 mmt.

Information on Gazprom Neft's petroleum products sales structure by regions is provided in Appendix 3 (p. 173).

Motor and Diesel Fuel

As of the end of 2018, Gazprom Neft Group's GS network consisted of 1,260 facilities in Russia, including 1,190 own facilities and 70 facilities managed by franchisees. Gazprom Neft retail GS network, including the franchise, is present in 40 regions of Russia.

Gazprom Neft Group's retail sales of automotive gasoline and diesel fuel at the domestic market, 2015–2018

	2015	2016	2017	2018
Share of gasoline and diesel fuel sales at the market of the Russian Federation in the regions of operation, %	24.7	24.1	23.2	23.7
Volume of gasoline and diesel fuel sales at the market of the Russian Federation, mmt	16.45	16.85	17.69	17.97
Gasoline and diesel fuel sales at the market of the Russian Federation, RUB million	279,059	298,736	344,654	397,659
Investments in GS network development[1], RUB million	3,447	2,984	2,300	2,099
Number of GSs[2], units	1,189	1,244	1,255	1,260

[1] Network of gas stations for retail and corporate customers, the amount is net of the VAT.
[2] Including franchising gas stations.

During the reporting period, the total retail sales of motor fuels in the Russian Federation increased by 3.2% vs 2017, to 9.1 mmt. The growth is driven by the increase of daily average flow per GS. Daily average sales per GS increased to 20.74 tons per day, which is 3.3% more than in 2017.

In 2018, Gazprom Neft began the launch of the new premium brand, high-octane G-Drive 100 gasoline, that became the gold medallist of Best 100 Products in Russia Contest. G-Drive 100 is designed for modern engines with at least 95-point required octane rating and shows the highest efficiency and environmental performance.

The new branded gasoline passed successfully testbed qualification tests at the All-Russian National Research Institute for Oil Refinery (VNII NP) and received a positive opinion on compliance with the Customs Union Technological Regulation to K5 environmental class fuel (matching Euro 5). Compliance with the European requirements to fuel quality was also confirmed by the largest international laboratory SGS.

In order to ensure efficient and comfortable customer service at GSs, Gazprom Neft developed the mobile application to pay for fuel at the gas stations included in the network, which reduces the car fuelling time significantly.

Feedback from retail customers of petroleum products is received through several channels: direct communication at GSs, informational materials placement in the media, prompt response to enquiries in official Gazprom Neft GS communities in social media, as well as through the Unified Customer Support Center omnichannel service. The total number of messages received from retail customers tripled in 2018, to more than 24 million pieces.

At the foreign markets, Gazprom Neft GSs network consists of 618 facilities, including 201 GSs in the CIS states (Belarus, Kazakhstan, Tajikistan and Kyrgyzstan) and 417 GSs in the Eastern Europe (Serbia, Bosnia and Herzegovina, Bulgaria and Romania).

Motor Fuel Sales Plans

By 2025, Gazprom Neft Company intends to increase the total sales of motor fuels in the Russian Federation and CIS via the retail sales channels. By 2021, Gazprom Neft GS network in the CIS shall be expanded by 25 facilities, to 226 stations.

Jet Fuel

In 2018, the total jet fuel sales amounted to 3.03 mmt in Russia. Jet fuel sales are carried out by Gazprom Neft subsidiary JSC Gazpromneft-Aero, which is one of Top 3 fuel suppliers in Russia.

Gazprom Neft performance indicators at jet fuel market in Russia, 2015–2018

	2015	2016	2017	2018
Share of jet fuel market of the Russian Federation, %	25.8	26.2	25.6	26.3
Jet fuel sales volume, mmt	3.08	3.05	3.04	3.03
Investments in jet fuel business development, RUB million	2,323	3,059	2,109	1,475
Number of own sales facilities in the Russian Federation, units	41	46	50	53

As of the end of 2018, Gazprom Neft proprietary sales network at jet fuel market consisted of 53 bulk fuel installations (BFI) in Russia and one BFI in Kyrgyzstan. In 2018, the international geography of jet fuel sales expanded to 260 airports (11 airports were added compared to 2017) in 66 countries. JSC Gazpromneft-Aero expanded its geography of operations: it began performing fuelling in Malaysia and Gambia and expanded its proprietary sales network in China.

Jet Fuel Sales Plans

JSC Gazpromneft-Aero's strategy stipulates further expansion of operations in the international network of airports guaranteeing timely fuelling to the air carriers.

Bunker Fuel

Bunker fuel sales are handled by Gazprom Neft subsidiary Gazpromneft Marine Bunker LLC. In 2018, bunker fuels sales amounted to 1.90 mmt in the Russian Federation.

Gazprom Neft performance indicators at marine fuel market in Russia, 2015–2018

	2015	2016	2017	2018
Share of the bunkering market in the Russian Federation, %	21.0	19.1	16.6	15.8
Bunker fuel sales, mmt	3.98	2.46	2.26	1.90
Number of refuelling ships, units	9	9	9	10

In 2018, Arctic class refuelling ship, GPN-Murmansk, with a 8,200-ton capacity was added to Gazprom Neft fleet. That vessel is designed for refuelling tanker and icebreaking fleet in complex ice conditions in the Arctics.

During the reporting year, the share of low-sulphur fuel increased in the overall company sales structure. The sales volumes of environmentally friendly bunker fuel with sulphur content less than 0.1% increased by 26%, to 200,000 tons. That is in line with the environmental requirements stipulated in International Convention for the Prevention of Pollution from Ships (MARPOL).

Bunker Fuel Sales Plans

In the medium term, Gazpromneft Marine Bunker LLC intends to expand the range of bunker fuels by using LNG, which meets MARPOL requirements as related both to sulphur content and to concentration of nitrogen compounds.

In 2018, Gazpromneft Marine Bunker LLC passed the resolution to build the first LNG refuelling vessel in Russia, the source of LNG for it would be the LNG production, storage and shipment complex near the Portovaya CS.

1.4. ELECTRICITY AND HEAT SUPPLIES

39.96 GW — installed electric capacity

153.2 billion kWh — electric power generated

70,790 Gcal/h — installed thermal capacity

131.25 million Gcal — heat energy generated

The Gazprom Group is one of the largest owners of the generating assets in the Russian Federation. The installed electric capacity of the Group's companies (taking international assets into account) was 39.96 GW, and installed thermal capacity was 70,790 Gcal/h in 2018.

In 2018, the *Power Energy Strategy of PJSC Gazprom for 2018–2027* was approved. The key strategic goal is to ensure sustainable profit growth while maintaining reliable power supply to customers. The *Power Energy Strategy* entails implementation of the projects aimed at building new and upgrading the operating generating facilities, as well as at decommissioning facilities, which operation is no longer feasible.

Power sector assets of the Group are managed by Gazprom Energoholding LLC that is one of Top 10 European electric power producers and the largest heat energy producer in Russia (supplying heat to about 20 million people).

Gazprom Energoholding in figures

- The share in the installed electric capacity of the UES power plants is 16%.
- As of the end of 2018, Gazprom Energoholding operated 79 power plants.
- The share in electric power generation in the Russian Federation is 14%.
- Natural gas accounts for 88.2% in Gazprom Energoholding fuel balance structure.
- The share in the total heat generation in the Russian Federation is 10%.
- Gazprom Energoholding is the largest producer of heat energy in the Russian Federation supplying heat to about 20 million people.

HEAT AND ELECTRICITY GENERATION

In 2018, the Gazprom Group generated in the Russian Federation 151.5 billion kWh of electric power, which is 2.5% less than in 2017. That is driven mainly by minimizing the utilization of inefficient equipment of Gazprom Energoholding. Heat energy generation amounted to 131.25 million Gcal in 2018, which is 3.1% more than in 2017. Heat generation growth was driven by lower temperatures of open air in the regions of operations. Gazprom accounted for 14% of electric power generation in Russia in 2018, and for 10% in the total heat energy generation.

Heat and electricity generation by Gazprom Group in the Russian Federation, 2015–2018

Generating company	As of December 31			
	2015	2016	2017	2018
Electric power generation, billion kWh				
Gazprom Energoholding	145.01	153.83	150.81	146.56
PJSC Mosenergo	54.71	59.07	57.87	58.31
PJSC OGK-2	64.36	67.09	63.43	58.92
PJSC TGC-1	25.81	27.67	29.51	29.33
PJSC MOEK	0.13	–	–	–
Gazprom Neftekhim Salavat	2.35	2.90	4.65	4.94
Other generating assets	–	–	–	–
Total in the Russian Federation	**147.36**	**156.73**	**155.46**	**151.50**
Heat energy generation, million Gcal				
Gazprom Energoholding	113.51	123.36	120.77	124.36
PJSC Mosenergo	71.68	81.83	79.45	82.29
PJSC OGK-2	6.52	6.90	6.76	7.01
PJSC TGC-1	23.02	24.44	24.71	24.89
MOEK Group[1]	12.29	10.19	9.85	10.17
Gazprom Neftekhim Salavat	5.11	5.44	5.78	6.07
Other generating assets	–	0.69	0.79	0.82
Total in the Russian Federation	**118.62**	**129.49**	**127.34**	**131.25**

[1] PJSC MOEK, TSK Novaya Moskva LLC and TSK Mosenergo LLC.

The total Gazprom Group's electric power generation amounted to 153.19 billion kWh in 2018. The Group generated 1.69 billion kWh of electric power abroad (via its subsidiary, CJSC Gazprom Armenia, which owns the fifth power unit of the Hrazdan TPP, and via the NIS company in Serbia).

HEAT AND ELECTRICITY SALES

Gazprom Energoholding sells electric power and capacity predominantly at the wholesale electricity and capacity market. The key customers are energy sale (energy supply) organizations and guaranteeing suppliers that procure electric power (capacity) for sale to end customers, including residential customers, as well as grid companies.

During the reporting period, over 98% of electric power generated by Gazprom Energoholding was sold at the wholesale market, about 2% at the retail electric power market. In 2018, 33.8GW of capacity and 155.01 billion kWh of electric power were supplied to the wholesale market.

Gazprom Energoholding sells heat energy to residential customers, including management companies and population, state-owned entities and other customers. In 2018, heat sales amounted to 119.04 million Gcal.

Electric power and heat sales by Gazprom Energoholding LLC generating companies, 2015–2018

Generating company	2015	2016	2017	2018
Electric power sales, billion kWh	**154.93**	**164.39**	**162.55**	**157.76**
PJSC Mosenergo	56.35	60.86	60.25	60.20
PJSC OGK-2	69.61	72.94	69.72	64.98
PJSC TGC-1	28.97	30.59	32.58	32.58
PJSC MOEK	0	0	0	0
Heat sales, million Gcal	**111.31**	**119.11**	**116.27**	**119.04**
PJSC Mosenergo	17.00	10.30	5.31	2.72
PJSC OGK-2	6.19	6.45	6.35	6.70
PJSC TGC-1	23.48	24.96	24.91	25.30
PJSC MOEK	64.64	77.40	79.70	84.32

Due to the unique geographic location of several PJSC TGC-1 power plants, Gazprom Energoholding is able to export a part of the generated electric power. In 2018, export supplies were performed to Finland and Norway through the integrated export agent, PJSC Inter RAO. The actual export supplies to Finland and Norway amounted to 0.956 billion kWh and 0.020 billion kWh, respectively.

Information on electric power export is provided in Appendix 3 (p. 173).

In the customer relations area, Gazprom Energoholding implements a set of activities aimed at improving quality and speed of service through identification of the customer requests and expectations. In 2018, a pilot project aimed at the customer satisfaction index assessment was implemented in the largest region of operations, Moscow, at one of Gazprom Energoholding entities. The survey covered at least 1% of the customers who highly appreciated quality and speed of service, completeness and accessibility of information, prompt updating of the web site sections, their convenience and user-friendliness. Since 2019, customer satisfaction monitoring shall be performed throughout Gazprom Energoholding.

POWER AND HEAT GENERATION BUSINESSES DEVELOPMENT

Gazprom Energoholding Investment Program projects portfolio includes:

- investment projects under capacity supply agreements (CSAs);
- investment projects aimed at upgrading and renovation, as well as other projects out of CSA scope.

Investment projects aimed at construction of the generation facilities performed by way of discharging the obligations under the CSA are carried out by the Gazprom Group's generating companies in furtherance of the Order of the Government of the Russian Federation "On Approval of the List of Generating Facilities to be Used to Supply Capacity under Capacity Supply Agreements".

The total obligations of Gazprom Energoholding as related to commissioning / upgrading the generating facilities under CSAs will amount to 8.9 GW in 2007–2019 (that is 30% of the total obligations under the CSAs in Russia). The total cost of implementation of all projects under the CSAs is RUB 449 billion (including capitalized interests). As of the end of 2018, 98% of the total cost of the Investment Program was financed. The majority of the generating facilities were constructed using steamgas technologies.

By the end of 2018, 8.8 GW of the new generating facilities were commissioned (99% of the total obligations). In December 2018, the 1st power unit of the Grozny TPP (176 MW capacity) was launched, covering the Chechen Republic's demand for electric power to a large extent.

As the 2nd power unit of the Grozny TPP is launched in 2019, implementation of the large-scale Investment Program to build new generating facilities under the CSA obligations would be completed. The total capacity of the new power plant will be 356 MW.

Upon completion of the projects under the CSA program, Gazprom Energoholding will proceed with implementation of activities and projects aimed at improving performance and ensuring secure operation of the generating facilities and the heat supply infrastructure.

The priority projects that are out of CSA scope are construction of the Svobodny TPP in the Amur Region (Russia) and the CHPP in the city of Pancevo (Serbia), as well as upgrading the equipment at the TPPs of Gazprom Energoholding based on the outcomes

of competitive selection of the projects aimed at upgrading generating facilities of the TPPs.

Commissioning of the Svobodny TPP will ensure reliable electric power supply to the Amur GPP, and the Pancevo CHPP (Serbia) will supply electric power and heat to the Pancevo refinery (asset of NIS Company, that is a part of Gazprom Neft Group). The power plants shall be commissioned in 2020.

Power and Heat Generation Businesses Development Plans

The Gazprom Group's strategic priorities as related to electric power and heat energy business are as follows:

- Development of the optimal structure of production facilities;
- Performance improvement and cost optimization;
- Implementation of the projects aimed at building new and upgrading the operating generating facilities, as well as decommissioning of inefficient facilities (about 2 GW shall be decommissioned by 2022);
- Technological development (ensuring secure power supply to the Gazprom Group's entities; import substitution and priority use of Russian equipment; increase of the share of innovative technologies in production activities);
- Diversification of electric power business by entering promising markets in Russia and abroad.

1.5. GAZPROM GROUP'S CONTRIBUTION TO NATIONAL INDUSTRIAL DEVELOPMENT

INNOVATION MANAGEMENT

RUB **9.0** billion — investments in R&D

RUB **12.3** billion — economic benefits from R&D results use

279 — R&D results implemented in production operations

PJSC Gazprom has a three-tier structure of innovations and R&D management. At the first tier, general management of innovation activities is performed under the guidance of the Board of Directors, the Management Committee and the Chairman of the Management Committee of PJSC Gazprom. The Chairman of the Management Committee also chairs the Research and Technology Board. The routine organization of innovative activities (the second tier) is entrusted to the Department that is in charge of long-term development. The third management tier includes subsidiaries and affiliates that may also develop and implement own Innovative Development Programs.

The *PJSC Gazprom Innovative Development Program until 2025* is Gazprom's tool for long-term planning and management of innovative activities. The *Innovative Development Program* sets forth the technological priorities, the key areas of research and development activities, the key innovation projects and the R&D financing targets.

The *Innovative Development Program* covers gas, oil and electric power businesses; its key activities are aimed at development and implementation of the innovation products and services.

For more details on the Passport of the Innovative Development Program of PJSC Gazprom until 2025 see[30]:

The annual *R&D Program of PJSC Gazprom* is the short-term planning tool. Gazprom has the permanent R&D Commission, which main objective is to perform comprehensive review of proposals made by PJSC Gazprom organizational units and subsidiaries and pass the collegial decision on feasibility of R&D.

The procedure for R&D organization at PJSC Gazprom and its subsidiaries is presented here[31]:

[30] https://www.gazprom.ru/f/posts/97/653302/prir-passport-2018-2025.pdf
[31] http://www.gazprom.ru/f/posts/76/904731/poryadok_niokr_2017.pdf

INNOVATION MANAGEMENT RESULTS

RUB **10.3** billion

economic benefits from patents use at PJSC Gazprom

Seven KPIs were defined for evaluating efficiency of the *PJSC Gazprom Innovative Development Program until 2025* implementation:

- Investments in R&D;
- Benefits from innovative technologies implementation;
- Energy resources saving;
- Improvement of environmental performance of the production process;
- Improvement of consumer properties of the products produced;
- Technological leadership level;
- Operations performance.

The target values were achieved for all KPIs in 2018.

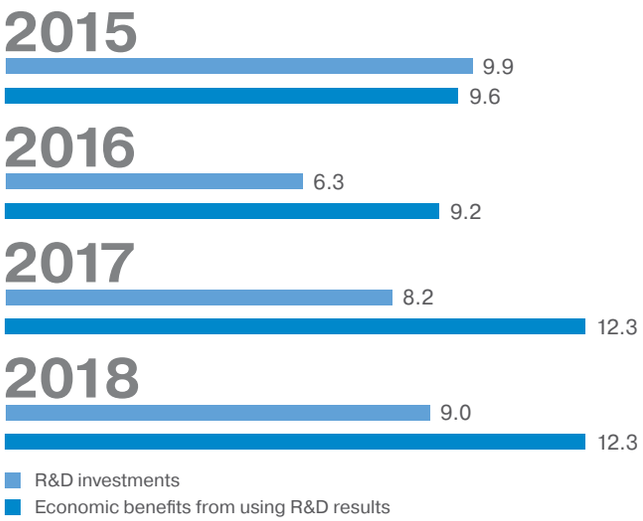
During the reporting year, the total R&D investments amounted to RUB 9.0 billion. The economic benefits from using the R&D results were 37% higher than investments. Over 279 R&D results were implemented at the Group facilities.

In 2016–2018, 57 R&D results were implemented in exploration and prospecting, including development of the technique of electromagnetic probing of oil and gas deposits with ultra-short high-capacity pulses for studying anisotropic borehole environment; development of the complex technical requirements to software supporting fields discovery, exploration and development.

During the same period, 160 R&D results were implemented in gas production, e.g., development of domestic HF process liquids to be used at gas condensate and oil wells of Urengoyskoye OGCF, development of the technology for membrane separation of helium from natural gas in course of the Chayandinskoye OGCF resources development to produce helium concentrate and ensure its long-term storage in the producing formation.

In gas transportation and storage, 200 R&D results were implemented, including implementation of unique high-strength heavy-wall pipes (812.8-mm diameter,

R&D investments and economic benefits, 2015–2018, RUB billion



K65 strength grade to resist 300 atm. pressure, manufactured in Russia) in course of the TurkStream gas pipeline development; use of digital radio relay stations to be operated in harsh climate conditions in the Eastern Siberia; use of the smart monitoring system of pipeline electrochemical protection ensuring optimal management of the protection potential and reducing electric power consumption.

In processing, 23 R&D results were implemented, e.g. use of paraffin inhibitor to improve efficiency of gas condensate transportation, use of the comprehensive technical and technological solutions to increase Achimov gas condensate delivery to Urengoy Plant of Professional Cable Lines.

Innovative developments are implemented actively in the Gazprom Group's oil business. For example, a unique tool was created for cognitive search for missed intervals: based on the outcomes of testing the created prototype, the tool's and human projections matched in 80% of cases, although the speed of the cognitive tool is 600 times higher than speed of human work. At the Archinskoye field, the unbalanced drilling technology was applied for the first time. It allows to open a large number of natural fractures in the formation and improve performance of the wells. At the Novoportovskoye field, 20-stage HF without frac balls was introduced for the first time, and construction of the well with four horizontal cased wellbores was completed.

In electric energy business, digital modelling methods were applied during the project aimed at upgrading T-250 power unit at CHPP-22 in Moscow to increase the efficiency of the individual steps of the new turbine generator set to 90%, and of the whole unit to 40% (in steam condensing mode).

In 2018, Gazprom received over 300 patents (including international ones) and submitted over 260 new patent applications. In 2018, 441 patents were used in operations of PJSC Gazprom subsidiaries and affiliates, including 157 patents generating economic benefits (they amounted to RUB 10.3 billion).

Information on patents use by PJSC Gazprom subsidiaries and affiliates is provided in Appendix 3 (p. 165–166).

In order to promote innovation activities and implement innovations in practice, PJSC Gazprom Science and Technology Prize Competition is held. The prize is awarded for large-scale developments in production, transportation, storage, processing and use of natural gas, gas condensate and crude oil that resulted in creation or improvement and efficient application of new machinery, devices, equipment and materials.

In 2018, 14 projects created by employees of 22 Gazprom subsidiaries and 9 third-party organizations were submitted to the Competition.

In 2018, the winner of PJSC Gazprom Science and Technology Prize Competition was the project entitled Development and implementation of innovative field development methods at hard-to-recover gas reserves improving production profitability by OJSC Severneftegazprom. The second prize was awarded to the project entitled Development of the domestic oil refining catalysts complex for high-quality motor fuels production by PJSC Gazprom Neft. In addition, prizes were awarded to the development teams of Gazprom VNIIGAZ, Gazprom Transgaz Samara, Gazprom Transgaz Ukhta, Gazprom Pererabotka and Gazprom Transgaz Moscow.

For long-term innovative development areas of the Gazprom Group see[32]:

DIGITAL TECHNOLOGIES AT GAZPROM GROUP

Implementation of the new digital technologies in Gazprom operations improves management efficiency and is one of the powerful tools for achieving the strategic goal of the Group.

The *Gazprom Group's Comprehensive Target Program for the Development of the Integrated Information Environment (IIE) for 2018–2022* was approved. The Program is based upon three fundamental principles: integration, innovation, imports substitution. Such approach could give momentum to developing the industrial complex using the components of the advanced enterprise management model ('Industry 4.0' concept).

Industry 4.0 concept (the fourth technological revolution) entails extensive use of digital technologies and tools for pro-active management of the production facilities and processes throughout the value chain in order to maximize business profitability.

Digital technologies are introduced in the Group business processes covering the following areas: models development and experimental research of the processes taking place in the natural environment; software development for geologic and geophysical data processing and interpretation. Those developments will facilitate building the virtual models of production facilities (digital twins) that will accelerate development of the new equipment samples, engineering and construction.

Digitalization and blockchain technology implementation pertain to gas supply process as well. A prototype of the technological platform automating the process for contracts conclusion, monitoring and performance was developed in collaboration with Gazprombank. That system also entails automatic arbitration and automatic calculation of gas payments. The system is open for all participants of the contractual process and it is fully protected against unauthorized intervention. The important driver of digital technologies development is the change of the Group operations culture and establishing of skilled, mobile, interchangeable cross-functional teams. That would ensure significant cost savings in course of the facilities operation, enable forecasting of all potential technical and technological complications, reduce human impact upon the environment and reduce the number of accidents.

[32] https://www.gazprom.com/press/news/reports/2019/innovations/

PJSC Gazprom Neft is the only Russian company included in The 2019 CIO Agenda: Securing a New Foundation for Digital Business, the report on digital business trends prepared by Gartner consulting agency.

Gazpromneft-Aero LLC, the operator of Gazprom Neft jet fuel business developed and implemented the smart contracts for jet fuel supply in collaboration with S7 Airlines. The technology supports instant payment for fuel at the time of aircraft fuelling, without any prepayments, bank guarantees and financial risks.

Another interesting development is the digital model of the Achimov formation in the Western Siberia. That is a detailed model of several regions consisting of 150 maps where the most promising areas are identified. The digital twin of the Achimov deposits is the universal tool for analysis of the fields in the Western Siberia: the captured information and the developed methodology make the digital solution the foundation for strategy development regarding further profitable development of the Achimov deposits.

In 2018, **Gazprom Neft** declared digital transformation of business the priority objective. The digital transformation stipulates a set of large-scale technological and organizational changes aimed at dramatic business performance improvement at all steps of the value chain: from the refinery to the sales facilities.

Gazprom Neft implements over 500 digital projects and initiatives. Implementation of the digital transformation strategy will enable Gazprom Neft by 2030 to reduce the duration and the cost of geologic exploration and field development 1.5 times, reduce the duration of major projects implementation by 40% and reduce the operating costs by 10%. Such technologies implementation could also help improve the industrial safety level significantly due to implementation of unmanned technologies in hazardous operational processes.

Gazprom Energoholding objective is performance improvement throughout the value chain: from generation to sale. In order to achieve this objective, artificial intelligence, digital twins, and technologies of automatic capturing of dispatch, process and commercial records shall be used.

Implementation of the digital automatic emissions control systems enables Gazprom Energoholding to control quantitative parameters of emissions in real-time mode and ensure their reduction.

Digital technologies application in general business results in substituting hard-copy documents with electronic ones in day-to-day activities and reduction of the number of manual transactions. For example, the key area of PJSC MOEK information technologies development is customer focus improvement as related to switching to interactive services. The company created new fully-functional interactive interface enabling the users to connect to the services, submit documents and perform other activities in online mode.

Gazprom Neftekhim Salavat aims to reduce costs and improve revenues by using advanced information technologies. This objective shall be achieved, in particular, by using:

- Digital twins to eliminate the "bottlenecks" and optimize heat and material flows;
- Planning and advanced process units management systems operating in almost real-time mode;
- Predictive analytics to improve equipment availability and reduce downtime.

In 2018, Gazprom Neftekhim Salavat implemented the automatic system for calculating actual losses at refineries. The software allows to establish actual losses while drawing the process material balance taking into account the instrumental error.

During the time of the system operation, it became possible to establish the places where imbalances occur and assess their size, which made it possible to make decisions regarding the change of the accounting schemes and methods. Data on actual losses were a part of the rationale of the decision to reduce the unit consumption at the refineries as related to losses.

IMPORT SUBSTITUTION AND LOCALIZATION

In its operations, Gazprom uses domestic scientific and technological potential encouraging development of different Russian industries and manufacturing the products that have not been produced in Russia previously.

Import substitution activities cover the following:

- Implementation of import substitution projects using long-term agreements on full-scale production, supply, repair and maintenance of import substituting products against guaranteed supply volumes in the future years ("contracts for goods which will be created or acquired by the seller in the future"). As of the end of 2018, 10 such projects were in progress;

- The ‘Road Map’ for collaboration with constituent entities of the Russian Federation. The relevant documents were signed with 17 constituent entities of the Russian Federation. Three-partite ‘Road Maps’ (involving the regional administration and the Ministry of Industry and Trade of the Russian Federation) were developed and approved in the Voronezh Region, Perm Territory, Republic of Bashkortostan, Republic of Tatarstan, and Tomsk Region pertaining to PJSC Gazprom’s collaboration with industrial complexes of those regions.

In 2018, the long-term agreement on full-scale production, supply and maintenance of gas-engine locomotives was concluded between Gazpromtrans LLC and Torgovy Dom STM LLC. Modern LNG-fuelled shunting locomotives meeting Gazprom requirements will be designed, certified and produced on a full-scale basis. In 2019–2024, Torgovy Dom STM LLC will supply to Gazpromtrans LLC 10 shunting locomotives with 1,200 h.p. capacity and 14 shunting locomotives with about 2,000 h.p. capacity, as well as perform their maintenance. That machinery is going to be operated at the Obskaya – Bovanenkovo railway line.

The total economic benefits from implementation of import substituting technologies at the Gazprom Group’s facilities amounted to RUB 20.74 billion in 2016–2018.

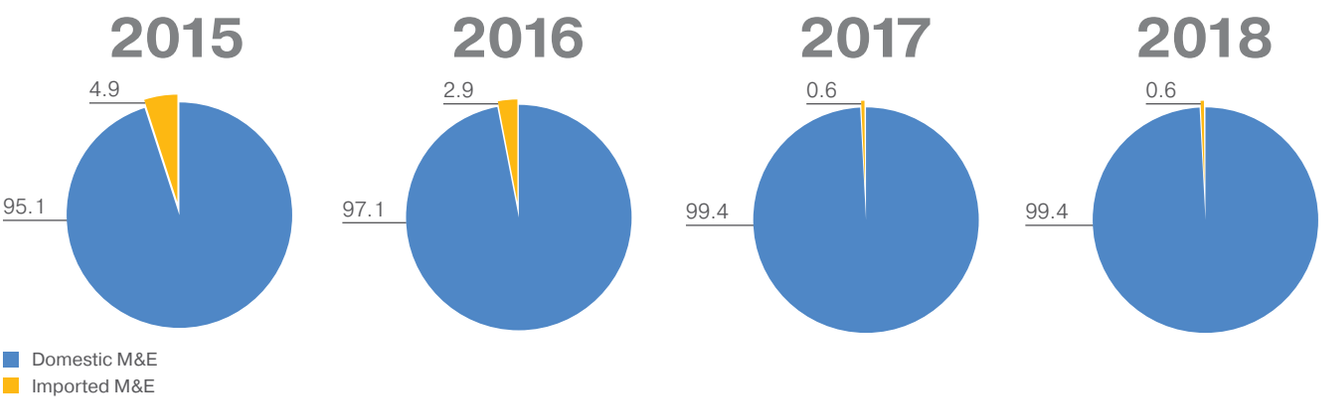
Information on assessment of the efficiency of import substituting technologies implementation is provided in Appendix 3 (p. 166).

GRI 204-1

According to the information provided by the centralized supplier Gazprom Komplektatsiya LLC, domestic products account for 99.4% of materials and equipment (M&E) procurement.

Gazprom pays a lot of attention to tubulars that account for the majority of M&E supplies. The unique conditions in which gas production, transportation and processing facilities are operated raise the requirements to performance characteristics of the pipes and connecting pieces. New types of tubulars are developed, put in production and approved for use in accordance with the effective scientific and technological collaboration programs for 2015–2020 agreed with the manufacturing companies (JSC United Metallurgical Company (OMK), PJSC Severstal, PAO TMK, PJSC Chelyabinsk Pipe Rolling Plant and JSC Zagorsk Pipe Plant). The domestic companies cover Gazprom demand for tubulars for future projects implementation and upgrading of the existing facilities in full.

Share of domestic M&E in Gazprom Komplektatsiya LLC supplies, 2015–2018, %



In November 2018, PJSC Gazprom and PJSC Severstal signed the Technological Road Map to master manufacturing of large-diameter pipes (LDP) of K80 strength class. By 2023, Severstal shall develop and set up manufacturing of steel longitudinal electric-weld LDPs and connecting pieces of the enhanced K80 strength class for PJSC Gazprom for the first time ever in the Russian Federation. They will be designed to withstand world-record pressures for onshore gas pipelines — up to 14.8 MPa (150 atm.). The innovative tubulars should reduce the cost of gas pipelines construction and operation. The benefits will be achieved by lowering metal intensity due to smaller thickness of the pipe walls, as well as construction of a smaller number of CSs.

The Company pays special attention to developing the list of critical products (equipment, software and services), which manufacturing is impossible or complicated in the Russian Federation. In 2018, *PJSC Gazprom Corporate Imports Substitution Plan* was approved. Import-substituting technologies are most acclaimed in the following areas of the Company operations: advanced processing and liquefaction of natural gas, gas chemicals, offshore hydrocarbons production.

The List of Critical Products for Import Substitution and Manufacturing Localization for PJSC Gazprom Technological Development is available here[33]*:*

The List of Critical Products is updated: the number of items where imports substitution is required was reduced from 486 to 253.

As part of import substitution, **Gazprom Neft** held over 120 tests of new domestic equipment samples and over 50 unique products were developed in 2013–2018. Approximately 170 samples are under development. The applications of the Russian development entities for external funding were supported for the total amount over RUB 6 billion, including the subsidies granted by the Industry Development Foundation.

In addition to implementation of domestic engineering solutions, **Gazprom Energoholding** works on reducing dependency of the generating companies from international suppliers of gas turbine equipment as related to its repair and maintenance.

Gazprom Neftekhim Salavat collaborates with the leading scientific and research entities, e.g. NTC Salavatnefteorgsintez LLC, the A.V. Topchiev Institute of Petrochemical Synthesis of the Russian Academy of Sciences, etc., in course of new technologies development. Collaboration between NTC Salavatnefteorgsintez LLC and the Boreskov Institute of Catalysis of the Russian Academy of Sciences (Novosibirsk) resulted in development of the new TMK-S catalyst system for ethylene bead polymerization under Hostalen technology at Monomer Plant. In 2018, the trial batch of TMK-S catalyst was produced, and the recorded operation was carried out at the operating facility.

Gazprom Neftekhim Salavat and the A.V.Topchiev Institute of Petrochemical Synthesis of the Russian Academy of Sciences also develop the technology and the catalyst for ethane dehydration. In 2018, the pilot batch of the dehydration catalyst was produced, and research was carried out using that catalyst. Based on their outcomes, the catalyst shall be patented and/or produced, and the feasibility study shall be carried out in respect of that technology.

Gazprom Group's Import Substitution Plans

In 2019, Gazprom recommends the domestic manufacturers to master the technologies for geological modelling and hydrocarbon reserves calculation, seismic exploration activities, automatic management of gas wells regimes, natural gas liquefaction, deep dehydration and acidic impurities scrubbing, offshore petroleum production, technological telecommunications.

SUPPORT OF SMALL AND MEDIUM-SIZED ENTERPRISES

In 2018, small and medium-sized enterprises (SMEs) accounted for 60% of the Group's suppliers (contractors, vendors). In course of implementation of the *Pilot Program of Collaboration with Small and Medium Businesses*, the Register of its participants was developed and is maintained at the official PJSC Gazprom web site.

[33] http://www.gazprom.ru/f/posts/33/761787/2017.03.15_perechen_2016.pdf

For more details of the Pilot Program of Collaboration with Small and Medium Businesses see[34]:

In order to engage SME representatives in collaboration, the procurement procedures in which they may take part were simplified as much as possible:

- Procurement is carried out in electronic form;
- The minimal list of documents is required;
- No financial security of the bid is required.

The Company has the online portal of the *Single Point of Contact* System that enables the entrepreneurs to submit their innovative proposals to be implemented in the Gazprom Group's operations. The online portal supports the whole process of submitting an innovative proposal to PJSC Gazprom — from submission of the application to obtaining the final opinion.

For more details on the "Single Point of Contact" System see[35]:

In case of small-scale procurement (up to RUB 500,000) the ETP-GPB electronic service *Small-scale Procurement Trading Portal* is used. As of December 31, 2018, over 8,000 suppliers, including over 6,500 SMEs, placed their price lists there covering over 300,000 stock items.

The total amount of contracts concluded by the Gazprom Group in 2018 with SMEs was RUB 231.6 billion, including RUB 105.5 billion contracted pursuant to the results of the competitive tenders for SMEs only. The largest number of contracts (43.5%) and the largest value of contracts (42.8%) concluded by the Gazprom Group with SMEs in 2018 are accounted for by M&E supply contracts.

Information on the structure of the Gazprom Group's procurement from SMEs in 2018 is provided in Appendix 3 (p. 166).

In 2018, special workshop meeting on relations between PJSC Gazprom and SMEs supplying innovative products was held in St. Petersburg. Representatives of over 130 SMEs from 40 regions of the Russian Federation took part in the workshop, JSC RSMB Corporation, the Innovation Promotion Fund, RUSNANO Management Company LLC, Association of Equipment Manufacturers New Gas Industry Technologies and residents of Skolkovo Innovations Center. Over 30 presentations were made by the representatives of SMEs on innovations proposed for implementation in operations.

[34] http://www.gazprom.ru/f/posts/13/997133/gazprom-business-partnership-program.pdf
[35] https://www.gazprom.com/about/strategy/innovation/one-window/

2

Focus on the Person

People at Gazprom


Газпром
Газпром

2. FOCUS ON THE PERSON. PEOPLE AT GAZPROM

Gazprom means almost half a million of employees whose daily work enables implementation of large-scale projects. The Company staff is engaged in hydrocarbons production, power supply to Russian and foreign customers, in particular, in harsh climate conditions of the Far North and Siberia, working away from home and families. Gazprom staff is highly stable due to systemic work aimed at HR potential development and care for occupational safety and well-being of the employees.

2.1. HR MANAGEMENT AT GAZPROM

The Gazprom Group is one of the largest employers in Russia. The company boasts continuously improving incentives system and continuous education system, as well as efficient social policy.

Strong professionalism and educational background, result-oriented performance, initiative, active search for solutions, commitment to corporate values and traditions are the qualities that Gazprom appreciates in its employees and potential candidates.

The Company provides to its employees professional development opportunities, respectable salaries and employment benefits, comfortable and safe labour conditions. Protecting lives and health of the employees is an absolute priority for Gazprom.

In 2018, PJSC Gazprom was ranked first in Universum rating of Most Attractive Employers of the Russian Federation from Students' Point of View in two professional areas: Engineering/ Natural Science and Business.

GRI 102-12

Legal regulation of social and labour relations is performed at the Gazprom Group in compliance with:

- the labour and employment legislation of the Russian Federation and the countries of operations;
- the General Agreement between the all-Russia trade union amalgamations, all-Russian employers association and the Government of the Russian Federation;
- the Industry Agreement covering organizations of the oil and gas industries and construction of oil and gas facilities for 2017–2019;
- the Sectoral Tariff Agreement in the power sector of the Russian Federation for 2016–2018;
- the collective agreements and by-laws of the Gazprom Group entities.

The HR management principles and conceptual approaches are defined in *HR Management Policy of PJSC Gazprom, Its Subsidiaries and Organizations*. Under that Policy, employees are deemed one of the key strategic resources of the Company ensuring its competitiveness and enabling successful delivery of the set goals.

The key interrelated components of the HR Management Policy are:

- Personnel recruitment, assessment and deployment;
- Training and development;
- Motivation and rewarding;
- Social policy;
- Corporate communications.

The Comprehensive Program for Improvement of *HR Management at PJSC Gazprom, Its Subsidiaries and Organizations in 2016–2020* is the fundamental document aiming to improve HR management activities at the Gazprom Group.

PJSC GAZPROM COLLABORATION WITH SUBSIDIARIES AND AFFILIATES AS RELATED TO HR MANAGEMENT

The key PJSC Gazprom decisions pertaining to HR management also apply to its subsidiaries and affiliates, including Gazprom Neft Group,

Gazprom Energoholding, Gazprom Neftekhim Salavat. PJSC Gazprom develops uniform HR management approaches and policies and implements them at its subsidiaries and affiliates.

HR MANAGEMENT PLANS

PJSC Gazprom sets the following objectives for 2019 as related to HR management: control of efficient implementation of the Company HR management policy through the system of KPIs, identification of comprehensive approaches to staffing of the Company strategic projects.

2.2. GAZPROM GROUP'S PERSONNEL

As of the end of 2018, the Gazprom Group's roster included 466,100 people.

Headcount of the Gazprom Group's employees as of the end of the reporting period, 2015–2018, thousand people

2015	2016	2017	2018
462.4	467.4	469.6	466.1

GRI 102-10

The decline of the Gazprom Group's headcount by 3,500 people in 2018 vs 2017 is due to the change in the list of companies included in the Gazprom Group and activities aimed at streamlining the HR structure.

In 2018, the average age of the Group's employees was 41.3 years. In 2017, it was 41.6 years.

SHIFT PERSONNEL

Exploration, prospecting, field development and hydrocarbon production are carried out under the shift system of works in the areas remote from major population centres, predominantly in the regions with harsh climate — in the Far North, in offshore areas and in Siberia.

Gazprom establishes optimal conditions for effective work and comfortable living of the shift personnel: the Company provides delivery from the meeting point to the place of work and back, develops the infrastructure of the shift personnel camps, provides medical and social services, controls compliance with the work and rest schedule. In accordance with the legislation of the Russian Federation, Gazprom pays higher salaries to employees working in the areas with harsh climate conditions.

As of the end of 2018, the total headcount of shift staff at the Gazprom Group was 35,200 people, including 33,800 people working in the Far North and areas considered equivalent to it.

Headcount and structure of shift staff[(1)], 2015–2018

	As of December 31, 2015	As of December 31, 2016	As of December 31, 2017	As of December 31, 2018
Roster of employees of organizations using the shift system, thousand people	158.4	161.3	164.5	165.2
Headcount of shift staff, thousand people	32.8	34.6	35.6	35.2
incl. working in the Far North and areas considered equivalent to it, thousand people	30.8	32.8	34.0	33.8
Relative share of shift staff in the organization roster, %	20.7	21.5	21.6	21.3

[(1)] In accordance with average headcount data.

Shift staff structure (by staff categories and forms of work)[1], 2015–2018, thousand people

	2015	2016	2017	2018
Cross-regional form of work				
White-collar staff[2]	5.6	5.9	7.0	7.0
Blue-collar staff[3]	11.8	12.7	12.6	11.9
Intraregional form of work				
White-collar staff[2]	4.0	4.0	4.7	5.2
Blue-collar staff[3]	11.4	11.9	11.3	11.2

[1] The data is provided in accordance with the average personnel roster.
[2] No data is captured and analyzed in Managers, specialists and other office staff category.
[3] No data is captured and analyzed in Grade 3 (or higher) workers, grade 1-2 workers, ungraded workers category.

Some of the shift employees arrive to their places of work from other regions, crossing significant distances, different climatic zones and time zones (cross-regional form of work). Another share of employees works within their regions, travelling small distances for short periods of time — one or two weeks (intraregional form of work).

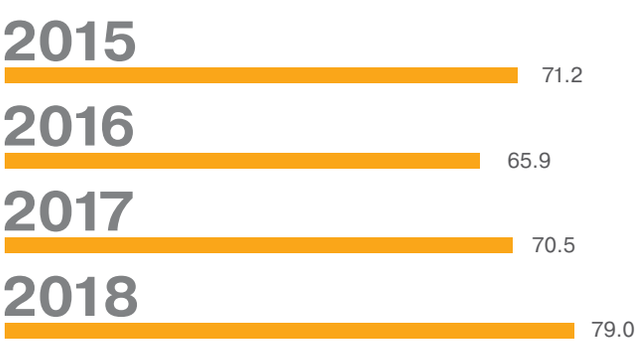
PERSONNEL MOVEMENTS AND TURNOVER

In 2018, 79,000 employees joined Gazprom, which is 8,500 more than in 2017, including 36.4% of young employees under 30 years of age. 13.5% of newly hired employees belong to the age category over 50 years old.

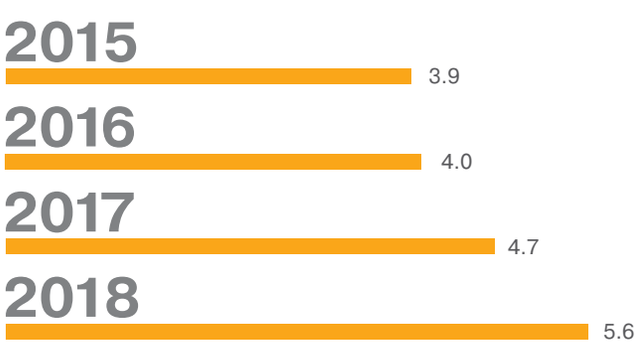
Employees hired in 2018 with breakdown by age groups

Under 30 y.o.		30–40 y.o.		40–50 y.o.		50 y. o. or older	
thousand people	%	thousand people	%	thousand people	%	thousand people	%
28.7	36.4	24.2	30.6	15.4	19.5	10.7	13.5

Hired employees, thousand people



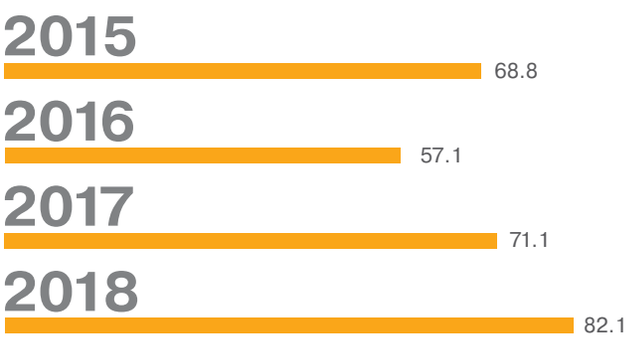
Personnel turnover, %



[1] Ratio between the number of employees who quitted the organization for reasons included in the turnover reasons (clauses 3 (other than employees dismissed due to retirement), 6, 7, and 9 of Article 77 of the Labour Code of the Russian Federation) and the average headcount.

The key Gazprom activities aimed at reducing personnel turnover are defined in the *Comprehensive Program for Improvement of HR Management at PJSC Gazprom, Its Subsidiaries and Organizations* approved for 2016–2020.

Quitters headcount, thousand people



Quitters headcount as of 2018 by age groups

Under 30 y.o.		30–40 y.o.		40–50 y.o.		50 y. o. or older	
thousand people	%	thousand people	%	thousand people	%	thousand people	%
20.2	24.6	21.1	25.7	14.6	17.8	26.2	31.9

Information on the number of hired employees and quitters, and staff turnover by Federal Districts is provided in Appendix 4 (p. 175).

GRI 102-44

QUESTIONS FROM STAKEHOLDERS

Question from the representative of the Gazprom Group's employees:
WHAT AGE CATEGORY OF EMPLOYEES IS IN MOST DEMAND AT GAZPROM?

The age structure of Gazprom's employees is well-balanced. The Group's companies carry out the HR policy aimed both at attracting young employees and at retaining experienced staff.

2.3. RESPECT FOR LABOUR RIGHTS AND HUMAN RIGHTS

GRI 406-1

Gazprom Group companies permit no labour or employment discrimination. Pursuant to *PJSC Gazprom Code of Corporate Ethics*, any nationality, gender, age, etc. preferences are prohibited in course of the HR Policy, Remuneration Policy or Social Security policy implementation.

For more detail on the Code of Corporate Ethics see[36]:

For more information on the activities of the Corporate Ethics Commission see Appendix 2 (p. 155–156).

[36] https://www.gazprom.com/f/posts/74/562608/2014-02-25-codex-of-corporate-ethics-en-2019-08-20-edit.pdf

Gazprom complies with the regulations of the International Labour Organization (ILO) as related to daily working hours and labour conditions, occupational safety, labour remuneration, social security and paid vacations. Child labour and any forms of compulsory labour are excluded at the Group's companies.

GRI 407-1

The Group recognizes freedom of professional associations and collective bargaining. In 2018, no breaches of the human rights for freedom of associations or collective bargaining were detected.

Training on human rights policies and procedures is provided to the employees at subsidiaries and organizations in course of on-boarding workshops for newly hired employees, as well as during professional development programs covering the structure and the working procedures of the organization, labour agreement and labour remuneration, the effective collective agreement, social security and retirement benefits provided to employees, etc[37].

2.4. SOCIAL PARTNERSHIP

Gazprom Trade Union, an interregional trade union organization, acts on behalf of more than 296,000 employees of the Gazprom Group. It works consistently in order to consolidate the trade unions established by the staff of the Gazprom Group's entities.

The key element of social partnership is the *General Collective Agreement* of PJSC Gazprom and its subsidiaries. It is concluded for a three-year period and aims to achieve the following objectives:

- Improve and develop the social partnership mechanism in a constructive dialogue format;
- Encourage employees to improve their own performance and achieve the Company's operational targets;
- Establish uniform approaches to protecting employees' interests as related to labour remuneration, employment, creating a safe labour environment, granting benefits, guarantees and compensations;
- Set up an effective mechanism for ensuring social stability at PJSC Gazprom and its subsidiaries.

GRI 102-41

In 2018, all employees (100%) of PJSC Gazprom and its subsidiaries[38] were covered by collective agreements. At PJSC Gazprom Neft and its subsidiaries, 42% of employees are covered by collective agreements[39]. At Gazprom Energoholding LLC and companies consolidated under its management, 99% of employees are covered by collective agreements[40]. At Gazprom Neftekhim Salavat, 85% of employees are covered by collective agreements[41].

In 2018, the *General Collective Agreement* of PJSC Gazprom and its subsidiaries was extended for 2019–2021 without any changes.

As a result of successful implementation of social partnership principles, there were no conflicts between employees and employers resulting in strikes, interruption of business or collective labour disputes at PJSC Gazprom in 2018.

[37] No reporting is compiled on these areas of training.
[38] Gazprom Dobycha Astrakhan LLC, Gazprom Dobycha Nadym LLC, Gazprom Dobycha Noyabrsk LLC, Gazprom Dobycha Orenburg LLC, Gazprom Dobycha Krasnodar LLC, Gazprom Dobycha Urengoy LLC, Gazprom Dobycha Yamburg LLC, Gazprom Pererabotka LLC, Gazprom UGS LLC, Gazprom Transgaz Volgograd LLC, Gazprom Transgaz Yekaterinburg LLC, Gazprom Transgaz Kazan LLC, Gazprom Transgaz Krasnodar LLC, Gazprom Transgaz Makhachkala LLC, Gazprom Transgaz Moscow LLC, Gazprom Transgaz Nizhny Novgorod LLC, Gazprom Transgaz Samara LLC, Gazprom Transgaz Saint Petersburg LLC, Gazprom Transgaz Saratov LLC, Gazprom Transgaz Stavropol LLC, Gazprom Transgaz Surgut LLC, Gazprom Transgaz Tomsk LLC, Gazprom Transgaz Ufa LLC, Gazprom Transgaz Ukhta LLC, Gazprom Transgaz Tchaikovsky LLC, Gazprom Transgaz Yugorsk LLC, Gazprom Export LLC, Gazprom Mezhregiongaz LLC.
[39] PJSC Gazprom Neft data.
[40] Gazprom Energoholding LLC data.
[41] Gazprom Neftekhim Salavat LLC data.

2.5. CORPORATE CULTURE AND COMMUNICATIONS

Gazprom corporate values are professionalism, initiative and mutual respect. The employees are valued for responsible and careful use of assets, own working time and working time of other employees. Gazprom adheres to the succession principle that entails respect of labour and experience of senior generations, beginners being in contact with the labour veterans, professional training and mentoring[42].

The Group publishes 54 corporate newspapers and 7 magazines, broadcasts 4 TV programs in the regional media, owns 5 TV channels (7+ Channel owned by Gazprom Dobycha Astrakhan LLC, Nord owned by Gazprom Transgaz Yugorsk LLC, Nadymgazprom TV owned by Gazprom Dobycha Nadym LLC, Yamburg TV owned by Gazprom Dobycha Yamburg LLC and Pervy Urengoysky owned by Gazprom Dobycha Urengoy LLC) and 3 radio stations (Nord FM owned by Gazprom Transgaz Yugorsk LLC, Svoye Radio owned by Gazprom Neftekhim Salavat LLC and Nashe Vremya owned by Gazprom Dobycha Astrakhan LLC). Effective interaction between employees and the executive team is enabled through means of corporate communications: online portals, referral information systems (including corporate-wide systems) and Hot Lines.

The Group's companies hold conferences, meetings and informational briefings between the management team and the employees to share information.

In addition, Gazprom uses corporate communications for receiving feedback from employees, in particular, using survey and interview mechanisms. The data received as a result of studies are used as the basis for planning HR management and communication activities and become a part of rationale in course of the management decision-making.

In 2018, over 43,000 employees of the Gazprom Group participated in various surveys, social and psychological studies.

2.6. FINANCIAL AND NON-FINANCIAL INCENTIVES FOR EMPLOYEES

FINANCIAL INCENTIVES FOR GAZPROM'S EMPLOYEES

The financial motivation system is aimed at creating a competitive advantage for Gazprom as an employer and making sure that each employee is committed to delivering results.

PJSC Gazprom and its entities use uniform corporate-wide labour remuneration norms that are governed by PJSC Gazprom *Employee Remuneration Management Policy*.

The goal of the *Policy* is to create conditions for recruitment and retention of personnel with required qualifications, to incentivize employees to carry out tasks at hand. The *Policy* applies to all Gazprom Group entities.

The employee remuneration level depends upon the qualifications, professional aptitude, complexity of the work performed, labour conditions and the results of performing the tasks assigned.

In accordance with the principles stipulated in the *Policy*, the fixed part of remuneration (salaries/tariff rates) and the variable part (extra payments, allowances and bonuses) shall be paid.

The effective remuneration systems stipulate:

- Setting salaries and tariff rates taking into account the qualifications and professional aptitude;
- Monthly performance bonuses;
- Extra payments and allowances depending on labour conditions and workload;
- One-off excellence bonuses (for commissioning new production facilities and construction projects, installation of the new equipment, energy resources saving, discovery of new hydrocarbon deposits);
- Year-end performance bonuses.

Competitive salaries. Salaries and tariff rates are increased annually subject to the projected growth of the consumer price index based on the information of the Ministry of Economic Development of the Russian Federation. From January 1, 2018, the salaries were increased by 3.7%.

[42] Gazprom's corporate values are set out in the *Code of Corporate Ethics of PJSC Gazprom*.

The Gazprom Group's remuneration level is compared regularly with the market salary level. The analysis performed shows that Gazprom Group salaries and wages are competitive.

Motivational labour remuneration. Gazprom incentivizes the employees to perform the tasks at hand by linking the amount of bonus payments with employees' performance. In 2018, the Employee Remuneration Regulations of the subsidiaries engaged in the core business were amended to take into account the *Recommendations Aimed at Improving the System of Performance Bonuses for the Production and Economic Activities of Employees at the Entities of PJSC Gazprom*. The purpose of the Recommendations is to build uniform approaches to establishing a link between employee performance and the bonuses on the basis of bonus pay targets.

Establishing the executives' annual bonuses in accordance with performance. The annual bonuses system is used to incentivize the executives to achieve the key performance targets of the Gazprom Group.

The annual bonus is accrued and paid in accordance with the *Regulation on Annual Bonus System for PJSC Gazprom Executives* approved by Resolution of OJSC Gazprom Board of Directors No. 927 dated December 19, 2006.

The Regulation on Annual Bonus System applies to PJSC Gazprom officers and executives, from heads of divisions and above, as well as directors general, their deputies and chief accountants of subsidiaries, performing core operations.

The following criteria are used to evaluate performance of executives:

- Corporate-wide KPIs that characterize performance of the Gazprom Group as a whole across the most important areas of operations;
- Key performance indicators of subsidiaries, which reflect performance;
- Individual targets of executives set specifically for each executive within the framework of their functional area of responsibility.

Gazprom has a program of stock options available to executives. Its purpose is to additionally incentivize executives financially and motivate them to boost the market value of the Company's stock.

Participation in the program is open for PJSC Gazprom executives holding positions of department heads and above, and to executives of core business subsidiaries. In 2018, 70 executives were entitled to take part in the program.

NON-FINANCIAL INCENTIVES FOR GAZPROM'S EMPLOYEES

To drive employee motivation and performance related to personnel development, as well as to promote professional achievements and best practices, Gazprom holds regular professional excellence competitions.

In 2018, PJSC Gazprom held the first Labour (Professional Excellence) Festival among the subsidiaries. Employees competed for the Award of Excellence in six professional areas of the Group operations: chemistry lab technician, compressor operator, gas distributing plant operator, instrument technician, linear pipe layer, oil and gas production operator.

During the Festival, several Professional Excellence Competitions were held at PJSC Gazprom subsidiaries, as well as *The Best Trainer of PJSC Gazprom Subsidiary Training and Education Unit* — 2018 and the 19th Corporate Computer Engineering and Information Technology Competition.

In June 2018, prizes were awarded to the winners of the 9th Corporate Competition of Public and Media Relations Services of PJSC Gazprom Subsidiaries and Entities. The purpose of the competition is to make corporate media more professional, promote creative activities and initiative of PR specialists at subsidiaries.

In addition, non-financial incentives include traditional awards to the best employees, in particular, the corporate badges of merit, letters of commendation, honorary titles, citations. Gazprom professionals also receive government awards annually.

2.7. GAZPROM GROUP'S SOCIAL POLICY

The social policy makes Gazprom more competitive at the labour market. Its purpose is to recruit and ensure long-term retention of highly skilled employees.

The fundamental principle of the social policy is social partnership achieved by granting employees various social payments, personal insurance, medical, housing and additional retirement benefits.

Gazprom social policy is aimed at establishing comfortable and safe labour conditions for the employees. That is achieved by granting medical services, various types of insurance, guarantees of protection in case of occupational incidents or occupational diseases, support and development of physical culture, sports and amateur arts, resolving housing issued using mortgage loans, as well as private pension benefits via JSC NPF GAZFOND. The young specialists are granted support ensuring their fast on-boarding and self-actualization.

GRI 401-2

Social payments. The Group's companies may provide financial aid to all employees. Certain categories of employees are entitled to additional payments: working women and other individuals with family responsibilities, young employees, employees of subsidiaries located in the Far North or equivalent areas, combat veterans, participants of Chernobyl nuclear disaster elimination and other categories of employees.

Housing. Gazprom carries out the corporate housing program based on the banking mortgage mechanism. Such approach to handling residential accommodation issues ensures competitive advantages and enables the Company to recruit and retain the key employees.

Medical care. Under the voluntary medical insurance, Gazprom Group holds regular medical screenings of certain categories of employees involved in hard work or working in harmful and/ or hazardous labour conditions. Annual prophylactic medical examinations of employees are held in accordance with the gender and age structure of the staff. During such prophylactic medical examinations, symptom-free forms of diseases and risk factors are identified. The physicians develop individual healthcare programs for employees of the Group, including rehabilitation treatment.

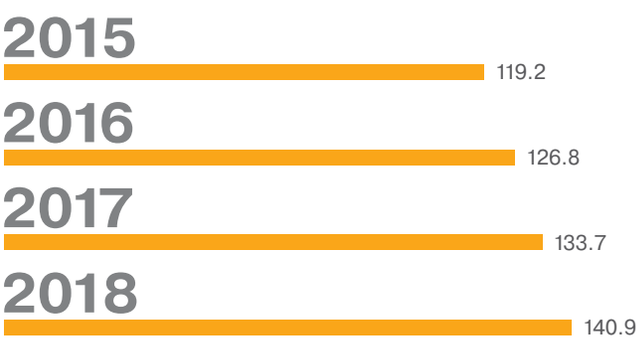
The year of 2018 saw the increase of the scope of prophylactic activities aimed at early detection of diseases, states that are the main causes of disability and premature mortality, as well as the key risk factors of their evolving.

GRI 201-3

Pension. The employees who worked at Gazprom for at least 15 years and reached the retirement age are entitled to corporate retirement benefits. The size of the occupational pension depends upon the tenure with PJSC Gazprom entities, awards received and the size of the fixed salary.

Nongovernmental pension insurance of people employed at Gazprom Group entities is carried out in accordance with the financial and economic resources of the organization on the basis of the pension agreements concluded with JSC NPF GAZFOND.

Headcount of participating retired employees of Gazprom Group entities, 2015–2018, thousand people



2.8. EMPLOYEE TRAINING AND DEVELOPMENT

60,000 Gazprom's employees received remote training in 2018

8,900 Group's employees upgraded their skills and participated in professional retraining at the universities in 2018

75.7 hours — average duration of blue-collar staff training in 2018

46.3 hours — average duration of managers, specialists and other white-collar staff training in 2018

GRI 404-2

Gazprom ensures continuous corporate professional education and develops relevant programs for blue-collar and white-collar staff of all levels. The employees are educated throughout their professional life in accordance with the special educational programs. The corporate continuous education system (CCES) includes several types of trainings:

- Mandatory: to ensure the required competence level for the employee to be admitted to perform works at hazardous production facilities of PJSC Gazprom;
- Special-purpose (pro-active): due to changing operations requirements;
- Regular: aimed at supporting the competence level of the employees.

Gazprom grants its employees the opportunity of in-service remote education. Thus, in 2018, over 60,000 Gazprom employees participated in remote education, which is 20,000 more than in 2017.

8,986 employees of the Group upgraded their skills or participated in professional retraining at the universities, including the anchor universities, in 2018.

Number of employees participating in professional development and professional retraining education programs[1] at the Gazprom Group, 2015–2018, thousand people

Indicator	2015	2016	2017	2018
Number of managers, specialists and other white-collar staff who participated in continuing professional education programs	142.6	161.2	169.9	196.0
Number of blue-collar staff who participated in professional development trainings	151.5	176.3	173.0	185.1

[1] Including remote training and off-site training forms.

GRI 404-1

The average duration of training per employee of PJSC Gazprom and its subsidiaries engaged in the core operations was 75.7 hours for blue-collar staff and 46.3 hours for managers, specialists and other white-collar staff in 2018.

The average duration of training per employee of PJSC Gazprom and its subsidiaries engaged in the core operations, 2015–2018, hours

Indicator	2015	2016	2017	2018
Number of hours of professional retraining and skills upgrading of managers, specialists and other white-collar staff	37.1	36.5	36.6	46.3
Number of hours of professional training, retraining and skills upgrading by blue-collar staff	85.7	88.9	83.7	75.7

During the reporting period, the changes were driven by more extensive use of remote-learning and off-site employee training forms, as well as the increased scope of training under short-term educational programs.

Gazprom Neft Group training and development system covers all categories of staff and the target groups of high-potential employees. The curriculum depends upon the strategic tasks of Gazprom Neft and the outcomes of the employees' managerial and professional capabilities assessment.

In 2018, **Gazprom Energoholding** organized trainings for all categories of staff in accordance with the established frequency of trainings, the current and the long-term Gazprom Energoholding development plans and the annual aggregate staff development plan. The trainings were provided in skills upgrading, professional retraining, short-term workshops and trainings formats.

In order to enhance professional knowledge, **Gazprom Neftekhim Salavat** uses staff training and development system that includes both mandatory trainings and trainings aimed at capability development. As many as 8,118 employees were sent to undergo training in 2018.

Gazprom Neftekhim Salavat provides vocational training. In 2018, 41 employees participated in it. White-collar staff training curriculum depends upon the needs of the organization: information technologies, occupational health, electrical safety, prevention of gas explosions, etc. In 2018, 429 people participated in it.

TALENT POOL DEVELOPMENT

Gazprom's talent pool consists of the employees who are prepared to carry out management activities in a modern environment. That ensures succession, continuity and efficiency of the organization management.

The employees included in the talent pool for promotion to the executive positions participate in the *Talent Pool School, Global Energy Company Management*, Gazprom MBA *Human Resources Management* programs at Gazprom Corporate University, and in *Gazprom MBA — Oil and Gas Corporation Management in the Global Environment* at St. Petersburg State University of Economics, and at other leading Russian universities.

The candidates to **Gazprom Neft** talent pool are selected at the meetings of the Talent Committee — collegial meetings of the companies' executive teams. The candidates are proposed for review based on the outcomes of their annual performance assessment.

At **Gazprom Energoholding**, employees included in the talent pool attend the *Management Academy*, the *Chief Engineer School* and the *Corporate Safety School*. The purpose of the training is to master tools and technologies enabling the participants to achieve their full management, personal effectiveness and business communication potential. In 2018, Gazprom Energoholding consisted of 1,080 employees.

Gazprom Neftekhim Salavat evaluates the candidates from the talent pool in case of promotion and when they are appointed acting managers (prior to the final appointment).

PARTICIPATION IN THE DEVELOPMENT OF A NATIONAL SYSTEM OF QUALIFICATIONS

Gazprom takes an active part in building a national system of qualifications, develops and implements professional standards. In 2018, seven draft professional standards developed by PJSC Gazprom were enacted by the Orders of the Ministry of Labour and Social Protection of the Russian Federation:

- gas safety and rescue specialist at oil and gas industry facilities;
- commercial operator;
- specialist in quality monitoring of gas, gas condensate and their derivatives;
- specialist in organizing construction, renovation and overhaul of oil and gas industry facilities;
- gas equipment customer support specialist;
- well survey specialist;
- specialist in oil, gas and gas condensate production.

Five draft professional standards were submitted for approval to the Ministry of Labour and Social Protection of the Russian Federation. A positive review has been received on those drafts from the National Council for Professional Qualifications under the President of the Russian Federation.

In 2018, PJSC Gazprom participated in *Professional Standards Implementation in Operations of the Organization* Contest arranged by the FSBI *All-Russian Labour Research Institute* of the Ministry of Labour and Social Protection of the Russian Federation in collaboration with ANO *National Agency for Qualifications Development* under the auspice of the Ministry of Labour and Social Protection of the Russian Federation. PJSC Gazprom project presented to the contest became the winner among the projects ranked first and was awarded the Grand Prix as the best project.

2.9. COLLABORATION WITH UNIVERSITIES, AND YOUNG EMPLOYEES

GAZPROM'S COLLABORATION WITH UNIVERSITIES

10,165 students participated in industrial work placements and pre-graduation placements at Gazprom Group entities

including **4,223** students from anchor universities

Targeted training of the specialists ensures that the Group has the relevant human resources with the required qualifications and grants career start opportunities to the graduates.

Gazprom continues successful collaboration with the anchor universities. The fundamental principles of collaboration are continuity, systemic work and innovations. They are included in the approved *University Collaboration Concept*, as well as in the *Regulation on Collaboration with Anchor Universities* enacted in September 2014.

In 2018, Peter the Great St. Petersburg Polytechnic University was included in the list of anchor universities. Thus, 13 educational institutions had the status of anchor universities as of the end of the year:

- Gubkin Russian State University of Oil and Gas (national research university) (6 specialized departments (SD));
- St. Petersburg State University of Economics (1 SD);
- National Research Tomsk Polytechnic University;
- St. Petersburg Mining University;
- Kazan National Research Technological University (1 SD);
- Ukhta State Technical University (5 SDs);
- Bauman Moscow State Technical University (national research university);

- Lomonosov Moscow State University;
- National Research University Higher School of Economics;
- Ufa State Petroleum Technological University (4 SDs);
- Industrial University of Tyumen;
- St. Petersburg State Marine Technical University;
- Peter the Great St. Petersburg Polytechnic University (1 SD).

In order to share hands-on knowledge and build additional competencies in students, specialized departments are established at the anchor universities. The Group's executives and employees are engaged in teaching, supervise graduation papers and internships, and engage students in project and research activities.

As of the end of 2018, there were 18 specialized departments at the anchor universities and 9 additional specialized departments at the universities that do not have the anchor university status.

There is a total of 31 SDs functioning: 27 at the Group's companies, including 18 at the anchor universities, and 1 SD at each of the following organizations: JSC SevKavNIPIgaz, Bank GPB (JSC), Gazprom Gazoraspredelenie Saratovskaya Oblast JSC, NIIgazeconomica LLC.

The anchor university status enables the university to define special-purpose Research and Development

Programs on behalf of PJSC Gazprom and subsequently enter into the agreements to perform the appropriate R&D on the sole-source basis. In 2018, over 50 joint events were held with the universities, including 15 offsite meetings in technological dialogue format.

In 2018, **Gazprom Neft Group** had 47 collaboration agreements with universities, 5 specialized departments at the universities (department branches within the company), opened the Joint Research and Education Center Gazprom Neft-NSU established by Gazpromneft Science & Technology Centre, Novosibirsk State University and Academpark. In 2018, *Enhancing Talents* case tournament was organized for schoolchildren, 2,366 high school students from the regions of operations participated in it. The winners will be offered sponsored places at the partner universities and they will get additional score points if they apply to the St. Petersburg Polytechnic University.

Gazprom Energoholding concluded 22 agreements with universities to arrange industrial work placements for students, provide training and development to employees and perform R&D. In 2018, over 700 students participated in the industrial work placements and over 400 of them were hired.

PJSC Mosenergo established at National Research University Moscow Power Engineering Institute arranged two applied education groups in *Heat Energy Industry and Heat Engineering* and *Electric Energy Industry and Electrical Engineering* (31 students participate in the programs). In addition, three joint programs with Shatura Energy Industry College were approved: *Operations and Processes Automation (by Industries), Thermal Power Plants,* and *Power Plants, Grids and Systems* (25 students are trained).

GAZPROM CLASSES: GETTING INTERESTED IN THE FUTURE PROFESSION WHILE AT SCHOOL

Gazprom Classes were established at 23 schools of five Federal Districts. They are sponsored by 19 subsidiaries. Their curriculum includes team building and vocation-guidance trainings, sports and cultural events, familiarization with the relevant universities and enterprises.

In 2018, the class opened at Gymnasia 426 of St. Petersburg joined Gazprom Classes Project. It is sponsored by Gazprom Energoholding (PJSC TGC-1). Its two-year curriculum (10–11 grades) includes advance learning on technical subjects and guides the students to select the professions that are acclaimed at PJSC TGC-1 and the Gazprom Group.

CAREER START AT GAZPROM FOR YOUNG SPECIALISTS

Young specialists recruitment and on-boarding are one of the key features of Gazprom HR management policy.

In 2018, 2,931 university and vocational school graduates were hired by the Group.

Total number of university and secondary vocational schools' graduates hired[1], 2015–2018, persons

Indicator	2015	2016	2017	2018
Total number of university and secondary vocational schools' graduates hired, incl.:	2,454	2,688	3,190	2,931
hired university graduates	1,880	1,891	2,206	2,048
hired graduates of secondary vocational schools	574	797	984	883
For reference: PJSC Gazprom Neft	190	342	432	283
Gazprom Energoholding LLC	262	307	512	443

[1] The data provided differs from the information disclosed in the Gazprom Group's Sustainability Report as of 2017 due to the adjusted data gathering perimeter.

2.10. PROCESS SAFETY

The life and health of each employee of Gazprom is an overriding priority for the Company. Activities aimed at ensuring safe labour conditions, protecting lives and health of employees, elimination or mitigation of fire, emergencies and accident risks at hazardous production facilities, establishing the process safety culture and improvement of the process safety management structure is based upon the *Integrated System of Process Safety Management at PJSC Gazprom* (hereinafter — the ISPSM).

In order to ensure the uniform approaches to occupational safety, industrial and fire safety across all Gazprom Group entities, *PJSC Gazprom's Occupational, Industrial and Fire Safety Policy* was approved. It sets forth the key goals of the Company:

- Establish safe labour conditions and protect lives and health of the employees;
- Mitigate the risk of accidents and incidents at hazardous production facilities;
- Ensure fire safety.

Occupational, Industrial, Fire and Road Safety Policy of PJSC Gazprom is available here[43]:

The ISPSM establishes the uniform procedure for arranging the works in order to ensure healthy and safe labour conditions. The *organizational perimeter[44] of the ISPSM* (hereinafter — the ISPSM's Perimeter) is PJSC Gazprom, its main gas exploration, production, processing, transportation and underground storage subsidiaries, as well as the subsidiaries enabling operation of the UGSS of Russia. The total headcount of the companies included in the ISPSM's Perimeter is about 319,000 people.

For more details on Structure of the ISPSM at PJSC Gazprom and its main subsidiaries see[45]:

[43] https://www.gazprom.com/f/posts/74/562608/2019-09-17-safety-policy-en.pdf
[44] The list of the companies within the ISPSM's Perimeter is provided in Appendix 4 (page 178).
[45] https://www.gazprom.com/about/production/safety/

GAZPROM GROUP'S 2018 TARGETS AS RELATED TO OCCUPATIONAL, INDUSTRIAL AND FIRE SAFETY

PJSC Gazprom established the following occupational, industrial and fire safety targets for 2018:

- Protect lives and health of the employees of PJSC Gazprom and its subsidiaries (gas segment);
- Improve efficiency of the operational control of compliance with occupational and industrial safety requirements;
- Reduce workplace mortality due to cardio-vascular diseases;
- Ensure safe operation of hazardous production facilities;
- Ensure compliance with the fire safety requirements at the facilities of PJSC Gazprom and subsidiaries (gas segment).

Occupational, industrial and fire safety objectives were achieved at 106 subsidiaries, 6 subsidiaries failed to do that. At companies that failed to achieve occupational, industrial and fire safety objectives, the incentive variable part of the remuneration was introduced. It is governed by the *Methodology for Assessing Delivery of Occupational, Industrial and Fire Safety Objectives at PJSC Gazprom Subsidiaries and Entities approved by PJSC Gazprom Executive Order No. 196 dated April 23, 2018.*

PJSC Gazprom developed and implemented the programs aimed at achieving the set objectives. All subsidiaries carry out the programs aimed at improving the labour conditions and the action plans to ensure industrial safety at hazardous industrial facilities (HIF).

Gazprom Energoholding companies defined their occupational safety targets for 2018. Their progress and efficiency of the activities implemented were monitored on a quarterly basis; the Reliability Committees of the Boards of Directors of such companies reviewed and evaluated the activities aimed at reducing the injury rates and establishing safe labour conditions. The key targets achieved are zero fatalities during the reporting year, as well as 3% reduction of the serious injury rate vs the previous reporting year.

Gazprom Neftekhim Salavat set the following occupational safety targets in 2018:

- zero employee fatalities due to injuries,
- no breaches identified by the state supervisory bodies that were not identified previously in course of multi-tier control,
- 5% reduction of workplace mortality due to cardio-vascular diseases.

All stated targets were achieved.

In order to improve the Integrated System of Process Safety Management, PJSC Gazprom Industrial Safety Management System Development Strategy until 2020 has been developed and is currently implemented. Pursuant to the *Strategy*, the following priority development areas are implemented:

- Commitment and leadership;
- Staff motivation;
- Safety communications development;
- Incidents and micro injuries investigation;
- Occupational and industrial safety risks management.

In accordance with the *Strategy*:

- The *Schedule of ISO 45001:2018 International Standard Requirements Implementation at PJSC Gazprom* was developed;
- The *PJSC Gazprom's Program for the Development of Leadership Skills of Executives in Process Safety* was drafted;
- Practical workshops were held for the Company executives as related to leadership in process safety;
- The Company is engaged in international cooperation with foreign oil and gas companies aimed at sharing process safety practices and process safety management systems improvement;
- Recommendations on engaging employees of PJSC Gazprom in establishing healthy and safe labour conditions were developed;
- Corporate requirements to visual information (Gazprom Organization STO Standard 18000.2-007-2018 *PJSC Gazprom Uniform Occupational and Industrial Safety Management System. Procedure for Using Safety Signage and other Visuals on Hazards at PJSC Gazprom Facilities*) were established;
- The Company worked on improving the corporate control of compliance with the process safety requirements at PJSC Gazprom facilities;
- Internal assurance of pre-design and design documents was performed to establish compliance with PJSC Gazprom process safety requirements.

In 2014, the Integrated System of Process Safety Management of PJSC Gazprom was certified as compliant with requirements of the OHSAS 18001:2007 international standard. In 2018, Certification Association *Russian Register* (International Certification Network, IQNet) performed the Integrated System of Process Safety Management compliance audit in accordance with that standard. The certification scope covered natural gas, gas condensate and crude oil production, treatment, transportation, processing, distribution and storage.

The list of entities with their Integrated System of Process Safety Management certified is expanding annually. As of December 31, 2018, PJSC Gazprom Administration and 56 subsidiaries were certified.

Information on certification of the process safety management system at PJSC Gazprom subsidiaries by lines of business is provided in Appendix 4 (p. 177).

Since 2016, the Gazprom Group is switching from OHSAS 18001 standard to ISO 45001 international standard. OHSAS 18001 Compliance Certificates will also be effective till the end of the transition period. The management system shall be re-certified in Q4 2020.

An important component of the Gazprom Group's industrial safety system development is efficient corporate control of compliance with the legal industrial safety requirements at the Gazprom Group based upon implementation of the modern organizational approaches and information technologies.

The corporate control is based upon the professional accountability principles stipulating direct liability of the persons performing corporate control for completeness, accuracy and timeliness of performing the planned control activities.

Gazprom corporate control is in compliance with the established requirements of the effective legislation of the Russian Federation as related to industrial safety and the local regulations of the Company, which is evidenced by the declining dynamics of the number of incidents at Gazprom facilities and is in line with the Integrated System of Process Safety Management continuous improvement requirements aimed at improving the process safety performance.

Gazprom Neft operates a vertically integrated industrial and environmental safety, occupational safety and civil defence management system developed in accordance with the ISO 14001, ISO 9001 international standards' requirements. PJSC Gazprom Neft activities are structured in accordance with the corporate *Industrial, Fire, Transport, Environmental Safety, Occupational Health, and Civil Defense Policy*[46], and are coordinated at the Corporate Center level by the Process Safety Department. The Industrial, Occupational and Environmental Safety Council was established at Gazprom Neft Group.

At **Gazprom Energoholding**, occupational and industrial safety management is in compliance with the requirement of the Russian legislation and effective regulations. The directors general of the generating and heat supplying assets are responsible for compliance with such requirements, and activities are coordinated by the Chief Engineers of the companies and branches — power plants. Gazprom Energoholding occupational and industrial safety management system was developed and implemented in accordance with the requirements of OHSAS 18001:2007 standard.

At Gazprom Neftekhim Salavat, the Deputy Director General – Chief Engineer is in charge of the general management of occupational, industrial and fire safety system operation. Methodological guidelines are provided by the Environmental and Occupational Safety Department.

GRI 403-4

Occupational safety matters are covered by the Occupational Health section of the General Collective Agreement of PJSC Gazprom and its subsidiaries. The key occupational safety aspects formalized in the collective agreements are:

- Notification of the employees of the outcomes of the special assessment of the labour conditions and operations control, the existing health risk, activities carried out in order to improve labour conditions, benefits and compensations for work with harmful and/or hazardous production factors;
- Regular control of the labour conditions and occupational safety status;
- Ensuring timely issue of protective clothing, protective footwear and other personal and collective protective equipment to the employees based on the outcomes of the special assessment of labour conditions carried out in compliance with the procedure stipulated in the effective legislation;
- Ensuring timely issue of detergents and decontaminants;
- Ensuring timely mandatory initial and regular medical check-ups (examinations) at the expense of the employer and in compliance with the effective regulations of the Russian Federation;
- Formalization of the benefits and guarantees in case of health damage and disability.

GRI 403-1

Gazprom Trade Union work inspectors and public labour inspectors (6,108 inspectors) control compliance with the labour legislation and other regulations containing labour law provisions, discharge of the collective agreements and labour protection agreements. Work Safety Protection Committees (Commissions) were established at all Gazprom Group entities operating

[46] https://www.gazprom-neft.com/files/documents/policy-and-management_eng.pdf

in accordance with the legislation of the Russian Federation, pursuant to Article 218 of the RF Labour Code. Representatives of the employer and the elected body of the primary trade union organization are included in them on a parity basis.

Occupational health and safety committees and commissions are established at **the Gazprom Energoholding Group's** companies. They function both at the companies' level and at the level of branches and organizational units (power plants). The chairman of the occupational health and safety committee at the companies of the Gazprom Energoholding Group is the chief engineer of the company, and at the branch level the occupational health and safety commissions are chaired by the director or the chief engineer of the branch. The activities of occupational health and safety committees (commissions) are governed by the approved *Regulation on the Occupational health and safety Committee (Commission)*. Representatives of the employer and the elective body of the primary trade union organization or another body representing the workers are included in the committee (commission)[47].

At **Gazprom Neftekhim Salavat**, the official joint labour protection commission (the Health and Safety Committee) was established; it consists of the representatives of the management and the employees who are represented by the public labour inspectors and representatives of the trade union committees. Therefore, 100% of employees are represented in that Committee.

GAZPROM'S OCCUPATIONAL SAFETY PERFORMANCE

PJSC Gazprom systemic work aimed at creating safe labour conditions resulted in a lower number of incidents, injuries and occupational diseased at the companies included in the ISPSM's Perimeter.

Over 10 years, the number of injured at production sites became 2.6 times lower (in 2009, there were 230 people injured), the number of fatalities became 8 times lower (in 2009, there were 24 fatalities).

In 2018, there were 89 people injured at the companies included in the ISPSM's Perimeter, including 3 fatalities.

Traffic accidents (47% of the total number of injured) and falls on the same-level surface (34% of the total number of injured) became the key injury risks.

Gazprom took steps to mitigate those risks: a set of activities was defined in order to reduce the number of traffic accidents (traffic safety requirements were established for the contractor organizations, all stages of control were regulated – from planning the trips, approving the vehicles for the trips, vehicles speed and drivers' work and rest time monitoring to returning the vehicles to the parking space).

Information on the Gazprom Group's work-related injury ratios is provided in Appendix 4 (p. 179).

GRI 403-2

Number of injuries and fatalities due to the incidents in 2015–2018, persons

Indicator	2015	2016	2017	2018
Companies included in the Integrated System of Process Safety Management Perimeter				
Injured	102	77	61	89
Including fatalities	7	4	6	3
Gazprom Neft Group				
Injured	43	38	36	29
Including fatalities	2	3	1	1
Gazprom Energoholding				
Injured	13	19	16	18
Including fatalities	0	1	1	0
Gazprom Neftekhim Salavat				
Injured	2	1	2	0
Including fatalities	1	0	1	0

Information on the number of injuries and fatalities broken down by gender and by regions is provided in Appendix 4 (p. 180–182).

[47] The regulations on occupational health and safety committees (commissions) were enacted by the following by-laws of the companies:
- PJSC Mosenergo Executive Order No. 139 dated May 06, 2015;
- PJSC TGC-1 Executive Order No. 131 dated September 15, 2014;
- PJSC MOEK Executive Order No. П-280/18 dated August 23, 2018.

At PJSC OGK-2, the commissions were established at the branch (power plant) level.

LABOUR CONDITIONS ASSESSMENT

is the decline in the number of workplaces with harmful and hazardous labour conditions at Gazprom Group's gas business companies in 2013–2019

activities aimed at labour conditions improvement were implemented in 2018

GRI 403-3

The special labour conditions assessment (SLCA) is carried out at the companies included in the Integrated System of Process Safety Management Perimeter in accordance with the schedules updated annually. Based on its outcomes, the labour conditions classes are established, and activities aimed at the employees' labour conditions improvement are developed and implemented.

In 2018, SLCA covered 33,885 workplaces.

In 2013–2019, the number of workplaces with harmful and hazardous labour conditions declined from 38.0% to 14.3% due to implementation of the activities aimed at labour conditions improvement at the companies included in the Integrated System of Process Safety Management Perimeter.

The key occupational risks, as related to occupational hazards affecting the employees, remain vibroacoustic factors (noise, vibration) and hardworking process.

In order to improve the labour conditions and make them healthier, the companies included in the Integrated System of Process Safety Management Perimeter carried out 6,000 activities in 2018 for the total amount of RUB 510 million, and labour conditions were improved for 12,300 employees.

In order to reduce the content of harmful substances in the working areas air, the companies included in the Integrated System of Process Safety Management Perimeter continued the following activities:

- Repair of the buildings and constructions at the production facilities;
- Procurement, installation and repair of the ventilation equipment;
- Maintenance of ventilation equipment and dust and gas collectors;
- Procurement and maintenance of the personal warning devices detecting hazardous and harmful chemicals, etc.

The following activities were carried out in order to eliminate noise:

- Equipment upgrading, including installation of pressure snubbers in the pressure control units;
- Applying noise-proof coating in the area of the safety relief valves beyond the pressure control units;
- Equipment repair and upgrading at GCUs.

Number of Class 3 and 4 workplaces and the number of employees working at such workplaces at the companies included in the Integrated System of Process Safety Management Perimeter, in 2018

Class	3.1	3.2	3.3	3.4	4
Number of workplaces, units	20,794	10,362	759	25	0
Number of employees, persons	42,151	27,546	2,460	53	0

At **Gazprom Neft Group**, the SLCA identified 5,200 workplaces referred to Hazard Class 3 and 40 workplaces referred to Hazard Class 4. At those workplaces, there are harmful and hazardous factors affecting the injury rates and the occupational diseases risk. In 2018, over 380 activities were implemented and as a result 82 workplaces were referred to a safer class. Labour conditions were improved for 254 employees.

At **Gazprom Energoholding**, 5,332 workplaces with harmful labour conditions were identified in 2018 with 13,907 employees working there. Due to the annual activities aimed at labour conditions improvement, there are no workplaces with hazardous labour conditions at Gazprom Energoholding, and the number of workplaces with harmful labour conditions declines steadily. The key occupational hazards are noise and microclimate at the production facilities.

At **Gazprom Neftekhim Salavat**, SLCA was carried out in 2018 at all newly created workplaces.

Gazprom Neftekhim Salavat SLCA results, 2016–2018, number of workplaces, pcs

Labour conditions	2016	2017	2018
Acceptable labour conditions, Class 2.0	4,967	275	104
Harmful labour conditions, Class 3.1	452	21	4
Harmful labour conditions, Class 3.2	164	41	70

Proceeding from the SLCA outcomes, the commission developed the Lists of Recommendations for Labour Conditions Improvement and the appropriate activities are carried out in a timely manner.

INDUSTRIAL SAFETY PERFORMANCE

Reduction of the number of accidents and incidents at the HIFs is one of the key Gazprom commitments as related to industrial safety.

Over the past 5 years, the number of accidents and incidents at the hazardous industrial facilities declined at the companies included in the organizational perimeter of the Integrated System of Process Safety Management (Gazprom Group's gas business) from 56 in 2014 to 16 in 2018. No injuries resulting from accidents and incidents at the HIFs were registered in 2018.

The Gazprom Group carries out the following activities in order to contain and eliminate the consequences of accidents at the HIFs:

- Own emergency rescue services (teams), as well as volunteer emergency rescue teams are established and operated;
- Contracts are concluded with professional accident rescue services or professional emergency response teams to provide services (perform the works) to ensure well blowout, gas, fire, industrial and occupational safety and to perform scheduled gas hazardous works and repair and maintenance works;
- Engineering systems for control and prevention of potential accidents, and alert, monitoring and communication systems are set up;
- Standards for emergency materials and equipment stock are developed and implemented, financial provisions are created for containing and eliminating the consequences of accidents;
- Training facilities are set up and upgraded in order to train employees to respond to emergencies, in particular, using modern technical training aids, and to practice the relevant skills (computer simulators, training areas).

In 2018, 1,069 technogenic events (1 accident and 1,068 incidents) occurred at **Gazprom Neft** HIFs.

Programs aimed at industrial safety, labour conditions and employees' health protection are carried out at Gazprom Neft.

During the reporting year, 99 technogenic events (0 accidents and 99 incidents) occurred at **Gazprom Energoholding** HIFs.

In 2018, no accidents were permitted, and 9 incidents were registered at **Gazprom Neftekhim Salavat** facilities.

Information on the Gazprom Group's occupational and industrial safety expenses is provided in Appendix 4 (p. 182).

Information on the number of accidents and incidents at the Gazprom Group is provided in Appendix 4 (p. 183).

FIRE SAFETY CONTROL PERFORMANCE

In 2018, PJSC Gazprom fire safety activities covered the following:

- Fire safety system improvement in accordance with the requirements set forth in clause 5 of Federal Law No. 123-FZ dated July 22, 2008 "Technical Regulations for Fire Safety Requirements";
- Development and implementation of the activities aimed at reducing the number of fires and accidents at PJSC Gazprom facilities;
- Improvement of activities of the emergency rescue services and fire departments protecting PJSC Gazprom facilities against fires;
- Ensuring fire safety of PJSC Gazprom facilities located at forestry lands and in the areas adjacent to forests in accordance with the Fire Prevention Rules of the Russian Federation and the Rules of Fire Safety in Forests.

Activities of the emergency rescue services, and fire departments are organized at PJSC Gazprom facilities in compliance with industrial and fire safety requirements. Their activities are improved continuously by the Standardization Technical Committees and Ministry for Emergency Situations (EMERCOM) of Russia task forces.

In 2018, PJSC Gazprom held 50 events in accordance with the *Fire Safety Organizational and Technological*

Activities Plan for 2018 (RD 03-240 dated December 28, 2017). Based on their outcomes, the *Fire Safety Organizational and Technological Activities Plan for 2019 (RD 03-255 dated December 27, 2018)* was developed.

PJSC Gazprom participates in drafting the documents on fire safety technical regulation. The Company consistently monitors development of the new fire safety regulations and amendments of the effective fire safety regulations. Under the public hearings procedures, 93 relevant draft documents were considered over three years (2016–2018).

In January 2018, PJSC Gazprom became the member of *Fire Safety* Standardization Technical Committee TC 274 pursuant to Rosstandard Order No. 159 dated January 30, 2018.

Gazprom Neft held 52 fire drills in 2018. In 2018, 2 fires occurred (in 2017 — 2, in 2016 — 3, in 2015 — 4).

At **Gazprom Energoholding**, the activities were scheduled in accordance with *Gazprom Energoholding LLC Civil Defence, Emergencies Prevention and Liquidation, and Fire Safety Plan for 2018*, as well as the action plans of its companies.

Fire exercises and drills held during the reporting year:

- PJSC Mosenergo held 154 fire drills, including 15 drills held jointly with the State Fire-Fighting Service of the Ministry for Emergency Situations (EMERCOM) of Russia and using its resources.
- PJSC OGK-2 held 25 fire drills.
- PJSC MOEK held 45 drills practicing employees' evacuation from the buildings in case of fire in collaboration with the emergency response services of Moscow.

Gazprom Neftekhim Salavat held 28 fire drills involving the emergency response teams, Medservice LLC, corporate security services, the Fire Safety Unit of Maintenance, Fire and Occupational Safety Department of Gazprom Neftekhim Salavat LLC. In 2018, 1,697 employees participated in the basic fire safety trainings held at specialized educational facilities. During the reporting year, 3,803 breaches were identified in course of fire safety inspections, 3,279 breaches were eliminated, and elimination of the remaining breaches is in progress. No fires were registered at Gazprom Neftekhim Salavat facilities in 2018.

IMPROVING SAFETY OF THE WORKS PERFORMED BY CONTRACTORS

Safety of Gazprom facilities operation depends to a large extent upon contractor organizations that provide services to and carry out repair and construction works on behalf of the Group.

Gazprom requires that the suppliers and contractors strictly adhere to the established occupational, industrial and fire safety standard and procedures while performing the works at Gazprom facilities. During the bidding and procurement procedures stage, the participants are checked for availability of the documents certifying their compliance with industrial and occupational safety requirements. The contractor companies that fail to meet the said criteria are not admitted to bidding and procurement procedures.

Prevention of accidents and workplace injuries is one of the key terms for collaboration with contractors. The contractor organizations are notified of and advised on the Integrated System of Process Safety Management requirements, the identified risks and changes affecting the safety during the introductory briefings, as well

as when the work permits (safe work permits, clearance certificates) are issued. Representatives of the contractor organizations are invited to PJSC Gazprom meetings and workshops on implementation of the process safety policy, process safety culture improvement and the management leadership skills development.

GRI 403-2

Number of injuries and fatalities among the contractor employees as a result of incidents in 2018, people

	Gazprom subsidiaries enabling operation of the Unified Gas Supply System	Contractor organizations performing the works at the Gazprom Group's facilities
Injured	59	11
Including fatalities	0	1

In case of the Gazprom Group's gas business subsidiaries, the contractor organizations involved in production, transportation, storage and processing are mainly Gazprom's gas business subsidiaries supporting operation of the gas supply and distribution system. They include, in particular, the companies performing overhauls, construction, engineering and survey activities, supplying energy resources and providing motor and railway transportation and specialized machinery and equipment.

Information on accidents at contractor organizations engaged at Gazprom Neftekhim Salavat LLC facilities is provided in Appendix 4 (p. 181).

SAFETY CULTURE

In 2018, the Company developed and approved *PJSC Gazprom Management Process Safety Leadership Skills Development Program*. The purpose of the program is to promote the process safety culture and demonstrate personal commitment of the management at all levels to achieving the goals of *PJSC Gazprom Occupational, Industrial and Fire Safety Policy*.

Gazprom Neft continued implementation of the 3-year special-purpose process safety educational program. Over 29,000 employees of Gazprom Neft and over 13,000 employees of the contractor organizations participated in the trainings.

Gazprom Energoholding implements the Safe Operations Culture Project aimed at improving the performance of the occupational safety management system as related to organization of continuous monitoring and identifying the risks arising in course of operations, establishing safe labour conditions and building employees' awareness of workplace safety matters. Employees participate in trainings in accordance with Gazprom Energoholding proprietary *Energy of Safety* program and in *Job-Order / Permit-to-Work System* trainings.

No special-purpose projects or educational programs are carried out by **Gazprom Neftekhim Salavat**.

The Company subsidiaries are acclaimed at the national level for their strong occupational safety performance. In 2018, 10 of them received diplomas and awards of the Ministry of Energy of the Russian Federation in different nominations of the contest for the best socially-oriented oil and gas company.

In addition, in the reporting year, Gazprom Transgaz Volgograd LLC was awarded the diploma as the best socially oriented oil and gas company in Personal Protective Equipment, Healthcare, Medical and Preventive Treatment Services category.

3

Focus on the Person

People Next to Us

3. FOCUS ON THE PERSON. PEOPLE NEXT TO US

Gazprom takes care of people around it — in the areas of the Group's operations. By establishing new jobs, Gazprom companies ensure employment of the resident population and contribute to social and economic development of the regions. The Gazprom Group's charity and sponsorship projects provide aid to those in need: children, veterans, disabled people. Special attention is paid to relations with indigenous minorities of the North.

3.1. PARTNERSHIP WITH THE REGIONS

GRI 203-2

Gazprom Group companies operate in more than 80 regions of Russia, and in each of them Gazprom establishes partner relations with the regional authorities, businesses and non-governmental organizations.

81 regions — of the Russian Federation are covered by agreements with Gazprom

RUB **6.8** billion — were contributed by Gazprom Neft for implementation of social projects in the regions under Home Towns program in 2018

Goals, objectives and directions of the regional relations are set forth in the *Regional Policy Concept*[48]. The fundamental idea of the *Concept* is to set up and maintain the system of relations between PJSC Gazprom, its subsidiaries and public authorities of the constituent entities of the Russian Federation, as well as the organizations engaged in operational and business activities in the regions. The purpose of such system is to ensure the balance between the interests of the region and Gazprom Group companies.

Regional relations are based upon the cooperation agreements and contracts. While drafting those documents, special attention is paid to establishing favourable economic, legal and other conditions of business development, ecology, environmental protection, traditional forms of the indigenous peoples' activities.

Pursuant to the agreements, the regional governments provide assistance to PJSC Gazprom and its subsidiaries as related to exploration of the mineral resource blocks, engineering, surveying and construction works, timely review of the utility tariffs for services provided by the subsidiary companies to customers, simplifying the procedure for land acquisition documents issue by the municipal authorities.

Regional relations include discharge of the social obligations by Gazprom. Social facilities and infrastructure, which construction is financed by the Group, are transferred to the municipal property.

RUB **174.74** million — PJSC Gazprom expenses for social and transportation infrastructure construction in the KhMAA — Yugra in 2018

GRI 102-44

QUESTIONS FROM STAKEHOLDERS

Question from the representatives of local communities:

DOES GAZPROM PARTICIPATE IN ST. PETERSBURG URBAN IMPROVEMENT PROGRAMS?

Gazprom participates in implementation of the projects aimed at improvement of St. Petersburg streets and squares, arranging artful spot lighting of architectural ensembles and outdoor lighting in the road and street network in the center of the city.

In 2018, improvement activities were carried out in Suvorovsky Prospekt, Millionnaya Street, Ligovsky Prospekt, St. Isaac's Public Garden; outdoor lighting and spot lighting was installed at the architectural ensembles of Moskovsky Prospekt, Nevsky Prospekt and other streets of the city.

[48] Regional Policy Concept approved by Resolution No. 32 of OJSC Gazprom Management Committee dated May 22, 2003.

For example, the agreement with the Government of KhMAA — Yugra stipulates co-financing of the social and transportation infrastructure construction in the municipal districts of the autonomous areas in 2018 by Gazprom Transgaz Yugorsk LLC and the Government of KhMAA — Yugra, including construction of dormitories for shift personnel, sports and fitness centres and motor road segments. Gazprom costs amounted to RUB 174.74 million.

In 2018, Gazprom Transgaz Ukhta LLC provided financing to the project aimed at the improvement of the Gazovikov Embankment in Ukhta. The total length of the renovated embankment will be about 2 km. Various sports facilities, children's playgrounds, architectural and park ensembles and recreation areas will be located there. Bike and jogging lanes will be built along the river. The whole set of activities shall be completed by the end of 2019.

Subsidiaries hold environmental campaigns, carry out charity projects aimed at providing aid to vulnerable groups of people in the regions, support cultural and educational institutions.

The Regional Policy Concept stipulates, in particular, development of the industrial sectors manufacturing equipment and other products necessary for gas industry, thus creating the impetus for economic development of the regions and increasing the local population employment level.

Gazprom participates in development of the professional gas industry staff selection in the regions. Gazprom's HR divisions analyse the regional labour markets and offer vacancies to the local residents.

Gazprom facilitates establishing the regional educational institutions to train or retrain human resources for gas industry. Therefore, agreements were signed with the universities both in Moscow and St. Petersburg and in other cities: Tomsk, Kazan, Ukhta, Ufa, Tyumen. At schools of five regions of the Russian Federation, 24 Gazprom Classes were opened.

In addition, PJSC Gazprom implements several social programs outside Russia. In particular, as PJSC Gazprom's operations were expanded in Armenia, an educational and sports complex was built in Yerevan in 2018; its total space is 29,400 m^2, it includes a nursery school, a comprehensive school, an indoor swimming pool, a gym, a futsal pitch, an indoor skating rink, as well as a sports and fitness center with the multipurpose arena accommodating 400 spectators.

GRI 413-1

In 2018, **Gazprom Neft** allocated RUB 6.8 billion to support over 200 projects under the *Home Towns* Program. Gazprom Neft's financing of the social projects provided under the social and economic agreements with the governments of the Russian Federation constituent entities amounted to RUB 4.2 billion in 2018. The funds were spent on setting up garden squares, repair of schools, nursery schools, libraries, construction of the residential buildings and sports facilities in Gazprom Neft operations areas.

The material indirect economic impact of **Gazprom Energoholding** entities includes employment of the population, creating new jobs in the regions of operations while upgrading the existing energy facilities and new facilities construction. In collaboration with the regional educational institutions, Gazprom Energoholding advances the employees' knowledge level, arranges industrial work placements and pre-graduation practice for students. Gazprom Energoholding entities' annual demand is over 3,000 people.

DIALOGUE WITH AN EXPERT

Airat Karimov,
Director General of Gazprom Neftekhim Salavat LLC:

"IMPROVEMENT OF THE POPULATION'S QUALITY OF LIFE IS THE KEY OBJECTIVE FOR GAZPROM NEFTEKHIM SALAVAT"

What do you think of Gazprom Neftekhim Salavat's contribution to labour market development in the Republic of Bashkortostan?

Gazprom Neftekhim Salavat is one of the largest petrochemical complexes in Russia. We provide jobs to residents of Salavat, as well as Ishimbay and Sterlitamak towns. The group of companies employs 15,000 people. In 2018, the average salary was RUB 52,400. Gazprom Neftekhim Salavat liaises regularly with the Municipal Employment Center, holds educational meetings, provides coaching to students and hires annually dozens of graduates of Bashkortostan's vocational education institutions and universities: in 2018, 81 people were hired, 75% of them graduated from Salavat Industrial College and Ufa State Petroleum Technological University. Moreover, Gazprom Neftekhim Salavat's business develops and employment opportunities are expanded gradually. In 2018, 96 new jobs were created at the company, and the number of jobs for disabled people was increased to 135.

Gazprom Neftekhim Salavat's procurement system also influences the labour market. In 2018, M&E procured from suppliers registered in the Republic of Bashkortostan accounted for 47% of the overall procurement structure.

Supporting the level of employment, collaboration with the local suppliers and contractors, creating opportunities for small and medium business development are the key components of Gazprom Neftekhim Salavat's activities aimed at improving the quality of life and sustainable development of the region. Our work helps prevent such negative consequences as migration growth, especially among young people, and decline of the economic and cultural potential.

Gazprom Neftekhim Salavat is the principal employer and mainstay in the town. Could you please provide examples of the company's projects aimed at the local infrastructure development?

The company's social program is highly important for Salavat. We support the initiatives of the local administration, work for the sake of people and try to create the conditions for a quality life and achieving the potential of each person.

Gazprom Neftekhim Salavat participates in development of the town public sports infrastructure: the sports and entertainment complex, the swimming pool, the palace of sports and the stadium were constructed. The company's annual spending on supporting sports for children and young people and promoting healthy lifestyle exceed RUB 200 million.

Gazprom Neftekhim Salavat's environmental activities are a separate type of social work that is extremely important for the town. They include volunteer clean-ups, removal of unauthorized dumps, coasts cleaning. The company also carries out educational and cultural projects.

Does Gazprom Neftekhim Salavat develop its charity activities equally fast?

We implemented numerous charity projects over the past decade. We completed renovation of the Salavat Central Culture and Leisure Park named after the 50th Anniversary of October Revolution and we continue keeping it clean and tidy and maintain public order in it. In 2018, over RUB 21 million were allocated for the park maintenance.

Gazprom Neftekhim Salavat provides charitable support to the local non-governmental organizations: disabled children's mothers community, the Council of Veterans having over 9,000 members, the regional division of the Russian Geographical Society and others.

Support is provided to municipal organizations (Town Children Hospital, Lyceum No. 1), the Dormition Cathedral, the central mosque, as well as to dozens of people in Bashkortostan: children and adults suffering from serious diseases and injuries, multiple-children families, the company veterans, veterans of the local wars, orphaned children and lonely elderly people.

Gazprom Neftekhim Salavat LLC annually spends RUB 40 million for charity.

3.2. DIALOGUE WITH LOCAL COMMUNITIES

RUB **123.5** million

were provided by Gazprom Group companies for charity aimed at supporting the indigenous small-numbered peoples of the North in 2018

GRI OG9

Gazprom respects the interests of indigenous small-numbered peoples of the North and their rights to keep the traditional way of life and preserve the primordial living environment, and maintains partner relations with the groups of indigenous minorities of this area.

Subsidiaries sign collaboration agreements with the YaNAA municipal districts formalizing mutual obligations as related to property and business relations, capital construction, energy saving, natural resources use, as well as the social policy. The Group's companies collaborate with the regional NGOs of indigenous small-numbered peoples of the North (Yamal Regional Social Movement of indigenous minorities *"Yamal"*, YaNAA Association of indigenous peoples of the North *"Yamal to Posterity!"*, Urals Regional Social Movement *"Vozrozhdenie"*, the NPO *YaNAA Children Support Charity Foundation "Yamine"*). Donation agreements are concluded to support the lifestyle of indigenous small-numbered peoples of the North, arrange medical treatment, develop national crafts, arrange

traditional national holidays and set up the prize funds for the Reindeer Herder Day, the Fishermen Day and the World Indigenous Communities Day. University tuition is paid for the representatives of indigenous minorities of the North, employment opportunities are offered to the graduates of the YaNAA vocational education institutions.

GRI 102-44

QUESTIONS FROM STAKEHOLDERS

Question from the representatives of the investment community:
WHAT IS GAZPROM'S POLICY REGARDING RELOCATION OF THE LOCAL COMMUNITIES?

The Company abides with the overriding priority of the local communities' rights to maintain the traditional lifestyle in their ancestral habitats and does not develop any relocation programs.

While planning construction in the areas populated by indigenous peoples of the North, Gazprom identifies the potential ethnological impact. After that, the mitigation steps are defined, and the amount of potential losses inflicted to the unions of indigenous peoples of the North by the proposed construction is determined.

DISCUSSION OF THE PROJECTS WITH THE REPRESENTATIVES OF LOCAL COMMUNITIES

Before construction is started, public hearings are held. During the public hearings, representatives of the local community may express their point of view regarding the future project, their concerns and expectations.

Thus, in 2018, Gazprom Geologorazvedka LLC held public hearings in the Irkutsk Region with the NPO *"Khandinskaya Evenk Neighbourhood Community"*; in the Taz District the public hearings were initiated by tundra communities and representatives of Taz Division of *"Yamal to Posterity!"* Association; in the Yamal District, Yamal Regional Social Movement of indigenous peoples of the North *"Yamal"* participated in the hearings.

The large-scale seismic exploration program at Tambey fields cluster in the YaNAA was discussed at the meeting at the Yamal District Administration; representatives of Yamal Regional Social Movement *"Yamal"* and the contractor — TNG-Group LLC participated in the hearings. Implementation of the resolutions passed at the meeting was viewed positively by the tundra community.

Gazprom Dobycha Irkutsk LLC participated in the public hearings regarding the design documentation *Group Detailed Design for Producing Gas Wells Construction at Kovyktinskoye Gas Condensate Field Using 'Light' Structure (890 m Altitude of the Average Well)*, including the environmental impact assessment materials as related to placement of producing wells of Well Clusters 413, 414, 416, 417, 418 within boundaries of the environmental zone of atmospheric impact of the Baikal Designated Natural Area. The hearings were held at the Administration of Kazachinsko-Lensky Municipal District, and representatives of the NPO *Khandinskaya Evenk Neighbourhood Community* participated in them.

CHARITABLE AID TO INDIGENOUS POPULATION

Social commitments of the company operating in the area populated by indigenous small-numbered peoples of the North are set forth in the agreements with the regional authorities. The list and the addressees of charitable aid are defined annually in collaboration with administrations of municipal districts and proceeding from the requests received from non-profit organizations and individuals representing and pertaining to indigenous minorities of the North. Pursuant to the donation agreements, Gazprom Group companies provide annual financing to support the population's traditional lifestyle, develop national crafts, organize traditional national festivals and education.

Thus, Gazprom Dobycha Noyabrsk LLC signs and performs annual collaboration agreements for the total of RUB 3 million with three YaNAA municipal districts: the Purovsky District, the Noyabrsk and Gubkinsky towns. Pursuant to those agreements, the company modernizes the towns, provides charitable support to pre-school and general education institutions for children and healthcare institutions, as well as provides financing for sports and fitness development. In addition, the company arranged in 2018 air transportation services to deliver food to the indigenous population of Khalyasavey settlement for the total amount of RUB 1.2 million; NPO *YaNAA Children Support Charity Foundation "Yamine"* received financial aid in the amount of RUB 1.5 million to arrange medical treatment and diagnostics, in particular, for children of the indigenous peoples.

Over 15 years, Gazprom Transgaz Surgut LLC has been carrying out the activities stipulated between the Governments of the KhMAA — Yugra, the YaNAA and PJSC Gazprom. In December 2018, the company representatives visited one of the most hard-to-reach settlements in the Surgut District – Kayukova national village, in order to wish the pupils of the primary boarding school Happy New Year and deliver presents for them.

Gazprom Dobycha Shelf Yuzhno-Sakhalinsk LLC supports indigenous small-numbered peoples of the North under the agreements with the Government of the Sakhalin Region and the Administration of the Nogliksky Urban District Municipal Area.

As of January 1, 2018, the total headcount of the indigenous minorities living in the Nogliksky Urban Municipal Area was 1,164 people, including 887 Nivkhi, 3 Nanais, 117 Oroks, 108 Uilta and 16 people belonging to other indigenous minorities.

The company's charitable donations were spent on medical treatment improvement and improvement of the educational process at educational institutions attended predominantly by the children of indigenous peoples. In 2018, the *Fur Mosaics* cultural project aimed at national crafts development was implemented jointly with the Sakhalin Regional Art Museum.

Gazprom Group companies provide support to children and educational institutions, support children's and amateur sports. Thus, New Year greetings for children, including those living with their families in tundra, has become a good tradition. Charitable support was provided in order to purchase equipment, arrange training camps, hold competitions to three Purovsky District sports schools for children, YaNAA Kyokushin Kaikan Karate Federation, YaNAA Tennis Federation, Taz District "*Orion*" Hockey Club, *"Yamburg"* STK, *"Yamal"* Children's Football Club in the Labytnangi town, *"Contact"* Children and Youth Sports School in Novy Urengoy, *"Nadym"* Ice Arena.

One of the key areas of the Group companies' relations with the indigenous minorities of the North is support of the favourable environmental conditions. Employees of the companies participate in environmental campaigns removing waste and garbage from the tundra. The companies provide financing for planting trees, reindeer vaccination, fingerling stocking at lakes and rivers.

In September 2018, employees of contractor entities operating at Gazprom Geologorazvedka LLC facilities in the YaNAA's Yamal District cleaned the territory adjacent to the well pads at Zapadno-Tambey, Severo-Tambey, Malyginsky and Tasiysky License Areas. The total territory cleaned was 2 hectares. The amount of waste collected exceeded 300 kg.

Thank You for Clean Tundra! environmental campaign was initiated by the YaNAA Reindeer Herders Union. It is held in collaboration with non-profit organizations and reindeer herders communities annually in September when weather conditions allow removing household and construction waste from the tundra along the reindeer foray routes and near settlements.

Gazprom Neft operates in the residence areas of indigenous minorities in the KhMAA — Yugra and the YaNAA. Its local community relations are governed by the *Policy for Relations with Indigenous Minorities of the North, Siberia and the Far East*. The fundamental principles of such relations are respect of the indigenous minorities' rights, information transparency and constructive collaboration.

Gazprom Neft has developed and implemented the system for compensating the indigenous people for the damages caused by implementation of hydrocarbon production projects. The company concludes agreements with the representatives of the indigenous families, whereby it provides material aid to carry out traditional economic activity, gives indigenous families sustenance compensations, one-off payments based on individual applications, supplies fuel and lubricants. In addition, Gazprom Neft Group supports agricultural communities of indigenous people in the areas of hydrocarbons exploration and production. The funds are allocated to procure equipment, fishing gear, fuel and lubricants and construction materials. The company helps the reindeer herders deal with everyday issues, supports delivery of the required food to cattle camps, supports repair of machinery and equipment and provides means of communication, as well as grants access to social facilities built at the fields (medical stations, canteens, stores, heated waiting rooms at the helipads, etc.). In case of emergencies, Gazprom Neft provides charitable support to the affected families.

DIALOGUE WITH AN EXPERT

Vladimir Markov, Member of the Management Committee and Head of Department at PJSC Gazprom:

"RESPECTING THE INDIGENOUS PEOPLES' RIGHTS IS THE NORM OF BUSINESS FOR GAZPROM"

Are there any Company documents describing its approach to protecting the rights of the indigenous small-numbered peoples of the North?

We take into account the rights and interests of indigenous minorities both in the course of our operations and as part of the implementation of social programs. Those principles are set forth in the *Regional Policy Concept*, as well as in the *PJSC Gazprom Code of Corporate Ethics*.

How are the interests of indigenous peoples of the North taken into account when new PJSC Gazprom's projects are defined?

The social aspects of PJSC Gazprom's regional policy stipulate improvement of people's quality of life in the areas of subsurface resources use, participation in preserving ecological well-being and traditional living environment of the indigenous small-numbered peoples of the North.

In case of Gazprom, such approach is the norm of business. We identify potential impacts upon the ethnological environment, develop the steps to mitigate them, calculate the amount of potential damage inflicted to the unions of indigenous peoples by the proposed construction. And, of course, all activities are carried out at the investment projects' facilities strictly in compliance with the environmental legislation.

Could you give some examples of collaboration with indigenous small-numbered peoples of the North in 2018?.

One of the best examples of such collaboration was arranging the crossing of the Bovanenkovo oil and gas condensate field's utility lines by reindeer herds in the YaNAA. The total of 22 crossings were established, each of them was 20 – 50-meter wide and could accommodate about 10,000 reindeer during the foray period.

In 2018, Gazprom Dobycha Nadym LLC project *Arghish Disappears over the Horizon* summarizing the company's unique experience of arranging the crossing of Bovanenkovo oil and gas condensate field's utility lines by reindeer herds received an award of the international contest *Environmental Culture. Peace and Harmony*.

3.3. HELPING THOSE IN NEED

Support of the socially vulnerable categories of people, including children, is an important objective for the company adhering to sustainability principles. Gazprom provides systemic charity support to those who need it most: disabled adults and children, children from needy families and orphaned children.

At PJSC Gazprom, there is the *Regulation on Sponsorship and Charitable Activities* approved by Resolution of the Board of Directors of PJSC Gazprom No. 2775 dated July 12, 2016. The organizational units control implementation of sponsorship and charity projects by Gazprom Group companies, including budgeting the expenses on activities financing, operational approval of the subsidiaries' expenses, assessment of correctness of the cooperation forms selection. At certain subsidiaries, the decisions to provide charitable support are made by the Charity Committees consisting of the managers and other staff members.

Most of Gazprom Group's cooperation in the social sphere is accounted for by NPOs of different types. Social partner NPOs are selected primarily in accordance with importance and relevance of their activities for the society. In addition, NPOs reputation, their transparency and accountability to the donors for effective use of funds provided in compliance with the designated purpose are taken into account.

Aid to sick children is an important type of Gazprom's charity activities. In 2018, the Company helped continue construction of the in-patient hospice for children

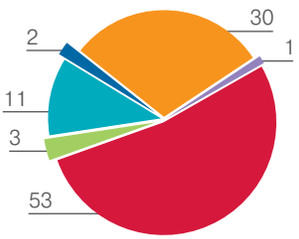
in Pavlovsk (St. Petersburg), completion of construction of the first Palliative Care Center in the Leningrad Region for children suffering from oncological diseases and infant cerebral palsy (children hospice) in the Toksovo settlement, Leningrad Region, which opened in April 2018.

Gazprom Transgaz Nizhny Novgorod LLC helped the *Piano* theater for deaf children visit Japan for educational purposes. The young actors visited the school for deaf and hearing-impaired children at University of Tsukuba in Tokyo. The teachers of the *Piano* theater shared with their Japanese colleagues the experience of teaching deaf children and the methodologies used at the specialized boarding school, and the actors presented to the Japanese spectators the theater works and participated in master classes held by Japanese teachers.

The charity inclusive festival *Different Abilities – Equal Rights* was held in Astrakhan in March. Gazprom Group companies supported the initiative of Astrakhan Boarding School No. 1 for disabled children. The festival participants were 120 children with special needs, impaired hearing, muscle-skeleton disorders, children from deprived background, as well as pupils of the city schools and members of on-stage performance groups. The children participated in master classes, children's arts and crafts fairs and in the charity concert.

GRI 203-1

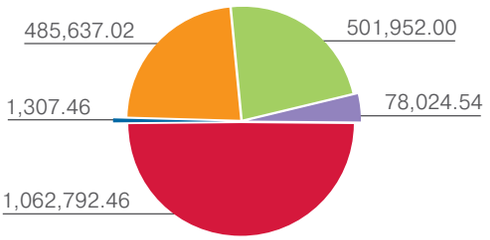
PJSC Gazprom's charity expenses structure in 2018, %



- Support of sports development (including sports facilities construction under Gazprom for Children Program)
- Urban infrastructure improvement in the Company's regions of operations
- Culture support
- Education Support
- Moral values support
- Support of healthcare, science, vulnerable groups, other aspects

In 2018, PJSC Gazprom's charity expenses amounted to RUB 35 billion.

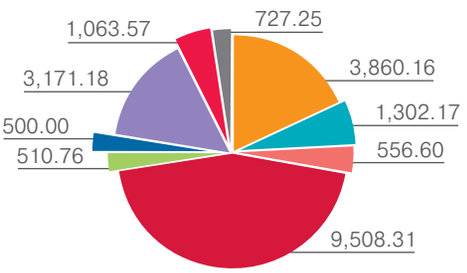
Gazprom Neft Group's charity expenses structure in 2018, RUB thousand



- Healthcare
- Education
- Sports
- Arts and culture
- Other

PJSC Gazprom Neft's charity expenses amounted to RUB 2,129.7 million.

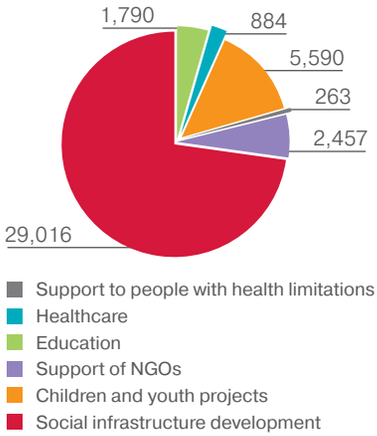
Gazprom Energoholding's charity expenses structure in 2018, RUB thousand



- Targeted medical aid
- Support of disabled children, orphans and children from low-income families
- Support of NGOs and religious organizations, ex-servicemen and veterans
- Cultural projects
- Support of children and youth initiatives
- Support of science and education
- Sports support
- Public and local authorities
- Support of activities aimed at the energy sector and economy development in the regions of operations

Gazprom Energoholding's expenses for charity projects amounted to RUB 21.2 million.

Gazprom Neftekhim Salavat's charity expenses structure in 2018, RUB thousand



3.4. LINKING TIMES AND NATIONS: SUPPORT OF CULTURE AND ARTS

Gazprom supports both large-scale international arts and culture and the regional-scale projects. No matter its status, each project matters: arts shall be accessible to people in all forms and require to be supported.

In 2018, PJSC Gazprom continued participating in the *"Russia. My History"* National Project. In course of that project, historical parks are established showing the history of Russia and individual regions in multimedia format. The projects are co-financed by PJSC Gazprom and the constituent entities of the Russian Federation. In 2018, historical parks were opened in the Krasnoyarsk Territory, Saratov and Rostov Regions. In 2019–2020, multimedia parks shall be opened in six other cities in Russia.

In collaboration with its French partner ENGIE, PJSC Gazprom finances restoration of the Lyons Hall of the Catherine Palace. The painted ceiling piece, lapis lazuli mosaic panels and textile decorations were recreated. The renovated hall shall be opened in 2019. In addition, renovation of the church of the Resurrection of Christ of the Catherine Palace which had started in 2015 was completed in 2018.

In 2016–2018, Gazprom Group financed the set of restoration works at the Chinese Palace in Oranienbaum, including support of acquisition of two unique 18th century antique armchairs to be placed in one of the palace halls.

In 2018, Gazprom supported the following works:

- Restoration of the Chekhov family manor in the Taganrog city, including rehousing of the residents from the estate's coach house;
- Establishing the Ingushetia History and Ethnography Museum on the basis of *Ingush Tower* Memorial in Magas town;
- Renovation of Nikolai Przhevalsky museum complex in the Karakol town (Kyrgyzstan) timed to coincide with the 180th anniversary of the famous Russian traveller and natural scientist;
- Renovation of the building of M.A. Balakirev Academy of Music in Nizhny Novgorod and furniture procurement for the academy concert hall.

In 2018, the Gazprom Group continued backing the A.V. Alexandrov Academic Song and Dance Ensemble of the Russian Army of the Ministry of Defense of the Russian Federation, the State Academic Mariinsky Theatre and its Primorsky branch in Vladivostok, and *CONTEXT. Diana Vishneva*, an international festival of modern choreography.

In 2018, in collaboration with Austrian OMV AG, Gazprom Export LLC backed the *"Imperial Capitals: St. Petersburg and Vienna. Masterpieces from Museum Collections"* exhibition project. Within the framework of the project, the masterpieces from the collections of two leading museums of the world, the State Hermitage and Vienna's

Kunsthistorisches Museum, were exhibited in Austria and in Russia.

The *"Surrealism is me"* exhibition of 78 drawings by Salvador Dali backed by Gazprom Dobycha Yamburg LLC was opened at Novy Urengoy City Museum of Fine Arts. The unique collection was provided for the exhibition by modern arts gallery, PS Gallery, in St. Petersburg.

In December, the final performance of *"Turgenev. Today!"* Project was held in St. Petersburg at the Academic Maly Drama Theater – Theater of Europe. Gazprom Transgaz Moscow LLC was the organizer and the key partner of the performance. The purpose of the project was to introduce general public, primarily schoolchildren and students from the regions of Russia, to classic works of Russian literature, motivate them to study Russian history, culture and literature, preserve and promote the creative heritage of the great Russian writer Ivan Turgenev on the eve of his 200th anniversary.

In 2018, PJSC Gazprom's largest charity projects included:

- The Company's traditional support of non-profit organizations *Amur Tiger Population Research and Preservation Center* and the *Eurasian Center for Preservation of Amur Leopards*, which implement the projects aimed at preserving and increasing the population of rare animal species included in the Red Book of Russia;
- Annual support of the All-Russia Veterans Organization *Russian Veterans Union*;
- Support of the round-the-world Arctic expedition organization and holding in 2018, within the framework of the International Round-the-World Ocean Flight, in which Oleg Atkov — Pilot Cosmonaut, Hero of the Soviet Union, and Valery Tokarev — Pilot Cosmonaut, Hero of the Russian Federation, took part;
- Support of procurement of the hot-air balloon for Fyodor Konyukhov's *"Solo Stratosphere Flight on the Hot-Air Balloon"* expedition scheduled for 2019.

3.5. SPONSORSHIP OF BUSINESS AND PUBLIC EVENTS

Over the past decade, PJSC Gazprom traditionally sponsors the largest forums and congresses in Russia, in which top public officials and representatives of numerous countries take part. One of the most important business events for the Company was the 8th St. Petersburg International Gas Forum — the leading platform to discuss the topical industry issues. In addition, Gazprom Group companies backed the following events in 2018:

- Russian Investment Forum in Sochi;
- 22nd St. Petersburg International Economic Forum;
- 4th Eastern Economic Forum in Vladivostok;
- 9th Gaidar Forum *Russia and the World: Goals and Values*;
- *Russian Energy Week 2018* International Forum.

3.6. SPORTS FOR ADULTS AND CHILDREN

Sports means health and national accomplishments. Gazprom supports both the first steps in sports and pursuit of professional sporting success.

COLLABORATION WITH FIFA AND UEFA

In 2018, PJSC Gazprom continued it successful cooperation with the Federation Internationale de Football Associations (FIFA) and the Union of European Football Associations (UEFA). The status of the global partner of the most popular and prestigious sports tournaments enables the Company to pursue its communication strategy, implement large-scale social initiatives, improve brand recognition and enhance the Company's reputation at the key international markets.

PJSC Gazprom carries out the advertising campaign at 19 European markets, as well as in China, arranges promotion of the sponsored sports projects, interacts with the football fans in the Internet, including social media and the special web site gazprom-football.com.

According to the findings of the opinion surveys held by Gazprom on a regular basis with independent public opinion polling services, more than a half of the European respondents perceive Gazprom as the reliable Russian supplier of energy resources. That indicator has remained stable for several years, and brand recognition is much higher among people interested in football, and the number of the respondents positively evaluating the overall impression of Gazprom brand increases steadily.

During the 2018 FIFA World Cup football tournament in Russia, the Company's billboards were installed at the key stadiums of the country. The exhibition described Gazprom Group's operations and social initiatives. Special attention was paid to EcoGas fuel brand developed within the framework of the program aimed at promoting natural gas as motor fuel.

SPORTS FOR CHILDREN

GRI 413-1

Gazprom for Children Program is the most important project in sports for children. Its purpose is to establish the required conditions for harmonious development of children and teenagers and engage as many of them as possible in the sports groups.

Over 1,650 sports facilities of different types were built in Russia since the beginning of the project implementation in 2007. Hundreds of thousands of children and teenagers were able to engage in sports activities at multi-functional and specialized complexes, visit modern swimming pools and skating rinks, and compete at the new stadiums and playing courts.

In 2018, 51 sports facilities were constructed under the Program, including 18 sports and fitness complexes, a horse-riding school, 2 field-and-track halls, 30 outdoor flatworks, in particular 7 school stadiums and 23 multi-functional pitches. During the reporting period, construction and installation works were carried out at 43 capital construction projects.

The largest sports facilities of high social importance included in *Gazprom for Children* Program commissioned in 2018 were a sports and fitness complex with a swimming pool and a universal gym in Komsomolsk-on-Amur city, a horse-riding school in Kursk, a sports and fitness complex with a swimming pool in Kantemirovka urban-type settlement in the Voronezh Region, a sports and fitness complex with an indoor skating rink in the Suzemka settlement in the Bryansk Region, a field-and-track hall in Kirov.

In 2018, the Program financing covered 24 regions of the Russian Federation (29 settlements).

The information on distribution of funds under the Gazprom for Children Program across regions is provided in Appendix 4 (p. 183).

Gazprom for Children Program Plans

In 2019–2024, 198 sports facilities shall be constructed under the Program, including 65 sports and fitness complexes, 132 pitches (including those at schools) and one horse-riding school, in the Amur, Astrakhan, Belgorod, Bryansk, Voronezh, Ivanovo, Kirov, Kursk, Leningrad, Novgorod, Omsk, Orenburg, Rostov, Sakhalin, Sverdlovsk, Smolensk, Tambov, Tula and Yaroslavl Regions, in the Jewish Autonomous Region, the Republic of Adygea, Udmurt and Chechen Republics, Krasnodar Territory, Republics of Bashkortostan and Sakha (Yakutia), St. Petersburg, Khabarovsk Territory. The largest and the most socially important projects are construction of the Rhythmic Gymnastics Center in Sochi and the sports complex of Avangard Hockey Academy in Omsk.

Another important children's sports project of Gazprom is the ***Football for Friendship*** international social program. In 2018, the *Footbal for Friendship* became a part of the official program of the 2018 FIFA World Cup.

The purpose of the program is to support child and youth sports, promote healthy and active lifestyle values, foster respect of the representatives of different nationalities and cultures.

The program is available for all people, irrespective of their physical abilities. The accessible environment enables disabled children to participate in it in full parity with

the other, therefore they both engage in sports activities and make friends with their peers.

The sixth season of the *Football for Friendship* Program became the key PJSC Gazprom's social project within the framework of events and activities timed to coincide with the 2018 FIFA World Cup in Russia. The number of countries involved in the international program increased 26 times compared to the first season. For the first time ever, children from 211 countries and regions of the world participated in the Program's activities. Moscow welcomed 12-year old participants from six continents (including disabled children) representing Asia, Africa, Australia and Pacific Islands, Europe, North America and South America. Over 180 sports events for children and city festivals were organized within the framework of the sixth season of the Program in different regions of the world and over 240,000 children participated in them.

In 2018, the *Football for Friendship* Program was supported by various organizations, including the UN, FIFA, UEFA, national football federations, leading football clubs of the world, international children charity foundations, NGOs and governments of different countries, which stressed the importance of developing its social and humanitarian mission.

PJSC Gazprom children social program *Football for Friendship* received prestigious domestic and international awards. Currently, it holds 21 awards in communications, social and sports initiatives, including Gold Quill Awards, Sabre Awards, *Silver Archer*, Eventiada IPRA GWA. The project won international acclaim and became an important part of the international social policy of Russia.

WORLD-CLASS SPORTS

In 2018, the large-scale charity projects included support of the Russian Olympic Committee (ROC) during the new Olympic cycle of 2019–2022. The sportsmen are supported in course of preparation to and participation in the Olympic Games; in addition, support is provided to the ROC chartered activities, including countering use of doping means and methods in sports.

In 2018, PJSC Gazprom continued its longstanding partnership with the sports federations. The Company sponsors All-Russia Federations of Rhythmic Gymnastics, Volleyball, Swimming, Biathlon, Canoeing, Billiard. The Company's sponsorship enabled those Federations to hold major domestic and international competitions, continue training of the new generation of sportsmen who become the winners at the international tournaments. For example, during the reporting year, the Russian swimmers validated their individual ratings and the title of the strongest team in Europe. And the Russian gymnasts proved again that they were the best in the world by winning the key major tournaments of the year. It is worth mentioning the success of young gymnast Darya Trubnikova, who became the Champion of the 3rd Youth Summer Olympic Games held in the capital of Argentina, Buenos Aires, in October 2018.

Those and many other accomplishments of the Russian sports people became possible due to the support provided by the Gazprom Group companies to domestic sports.

4

Life in a Favourable Environment

4. LIFE IN A FAVOURABLE ENVIRONMENT

Every person is entitled to clean water, fresh air, ecologically clean products and living environment. Gazprom makes everything possible to preserve favourable environment for the current and future generations. While trying to enhance production, the Group also makes efforts to reduce negative environmental footprint, ensure rational use of the natural resources, preserve climate and support biodiversity. Gazprom expects its partners to adhere to those obligations as well.

4.1. ENVIRONMENTAL SUSTAINABILITY MANAGEMENT AND ENVIRONMENTAL CONTROL

ENVIRONMENTAL SUSTAINABILITY MANAGEMENT

PJSC Gazprom Coordinating Committee for Environmental Protection and Energy Efficiency is in charge of comprehensive management of PJSC Gazprom's environmental protection activities. The Committee consists of the majority of the Management Committee members and the heads of the relevant departments of PJSC Gazprom Administration. The Committee ensures general coordination of the activities carried out by the organizational units of PJSC Gazprom Administration, PJSC Gazprom's subsidiaries and affiliates, relations with the environmental protection authorities and environmental NGOs.

The Management Committee of PJSC Gazprom reporting to the Board of Directors is the supreme governance body of the Company within the environmental protection management system.

For more details on the structure of PJSC Gazprom Environmental Management System see[49]:

Gazprom Group's environmental protection management activities are governed by the *OJSC Gazprom Environmental Policy approved by Resolution No. 21 of OJSC Gazprom Management Committee dated May 25, 2015.* The *Environmental Policy* sets forth Gazprom obligations, e.g. compliance with the environmental provisions and requirements of the legislation of the Russian Federation and the international law, mitigation of the adverse environmental and climate impact, priority of the preventive measures aimed at environmental protection over the measures aimed at liquidation of the adverse impact.

In course of its operations at the continental shelf and in the Arctic area of the Russian Federation, Gazprom guarantees compliance with the norms and requirements ensuring environmental safety.

Pursuant to the *Environmental Policy* requirements, Gazprom employees develop their environmental protection capabilities on a regular basis.

PJSC Gazprom became the first Russian oil and gas company to declare self-imposed environmental protection accountability having enacted its Environmental Policy in 1995. In 2015, the Environmental Policy was updated: it reflects the modern environmental protection and energy efficiency trends, as well as climate impact mitigation trends.

The provisions of PJSC Gazprom Environmental Policy are communicated to the employees and the external stakeholders, primarily the contractor organizations and external suppliers.

For more details on PJSC Gazprom Environmental Policy see[50]:

PJSC Gazprom Environmental Management System (EMS) is the key tool for implementation of the Environmental Policy. As of the end of 2018, PJSC Gazprom EMS application scope included the Administration, PJSC Gazprom Environmental Inspectorate and 34 subsidiaries engaged in natural gas and gas condensate production, transportation, processing and storage, exploration and investment activities, as well as in power and water supply to and operation of the power equipment at UGSS facilities.

For more details on PJSC Gazprom Environmental Management System see[51]:

[49] https://www.gazprom.com/f/posts/39/502580/directors-en.jpg
[50] https://www.gazprom.com/f/posts/39/502580/environmental_policy_en.pdf
[51] https://www.gazprom.com/nature/ems/

In 2018, the independent audit was carried out. It confirmed that PJSC Gazprom EMS was in compliance with the requirements of ISO 14001:2015 *Environmental management system. Requirements with Guidance for Use* (the system certificate of compliance with the requirements of the ISO 14001:2015 international standard version is effective until December 2020).

Gazprom Group companies that are not covered by PJSC Gazprom EMS implemented their own EMSs, most of which are certified as ISO 14001:2015-compliant. EMSs of such companies take into account specific features of their operations and have certain specifics.

23 subsidiaries hold certificates confirming that their EMSs are ISO 14001:2015-compliant.

In 2018, the Environmental Protection management process was automated at PJSC Gazprom Administration and 21 subsidiaries. The purpose of automation is to improve efficiency of management decisions in this area. The Information Management System (IMS) includes the IMS Subsystem for PJSC Gazprom Administration and the subsystem for the enterprises, IMS P. Automation of the Environmental Protection management process allows to optimize gathering, processing and storage of the environmental reporting data and EMS operation and monitor PJSC Gazprom's KPIs. In addition, IMS P supports reporting delivery to the IMSs of the government authorities of the Russian Federation.

Gazprom Neft Group EMS is in compliance with the requirements of ISO 14001 international standard. Since 2013, Gazprom Neft is subject to regular compliance audits. In 2018, the independent audit confirmed that Gazprom Neft EMS was ISO 14001:2015-compliant.

Gazpromneft — Sakhalin LLC, JSC Gazpromneft-MNPZ, JSC Gazpromneft-ONPZ, Gazpromneft-RZBM LLC, Gazpromneft — Lubricants LLC — a branch of the Omsk Lubricant Plant (OZSM), JSC Gazpromneft – MSZM, Gazpromneft Shipping LLC and Gazpromneft – Snabzheniye LLC hold certificates of the EMS compliance with ISO 14001 standard.

At **Gazprom Energoholding**, environmental protection management is carried out without certification and generation of the EMS documents required by the ISO 14001:2015 standard. As related to environmental protection management, Gazprom Energoholding adheres to the *Environmental Policy* adopted in 2017 and the approved environmental targets for 2017–2019.

ENVIRONMENTAL CONTROL AT GAZPROM GROUP

held by PJSC Gazprom Environmental Inspectorate in 2018

expenses of the Gazprom Group for operational environmental control and monitoring in 2018

Environmental Inspectorate. Gazprom has the only corporate Environmental Inspectorate in Russia, which deals with improving performance of the environmental protection activities, controls compliance with the legislative and corporate environmental protection requirements, carries out internal EMS audits and provides methodological support of the environmental activities of the subsidiaries. In 2018, PJSC Gazprom Environmental Inspectorate held 354 checks of compliance with the environmental legislation.

The results of the checks, including analysis of the results and the recommendations to improve environmental activities were communicated to the management of the entities checked and the steps required to eliminate and prevent violations were identified. The indicator of timely elimination of incompliances was 97%.

Operational environmental control is carried out at each subsidiary of PJSC Gazprom. In the course of the operational environmental control, the subsidiaries also check the contractor organizations for performance of the environmental activities stipulated in the construction and renovation projects.

Operational environmental monitoring is performed to control the state of the natural environment components and environmental impact. The operational environmental monitoring toolkit includes stationary and mobile labs, meteorological and aerologic stations, automatic control stations, monitoring wells. That allows to control emissions of polluting substances to the atmosphere from the organized sources, quality of the atmospheric air at the borders of the sanitary protection zones and within population centres, noise impact, radiation level, quality of surface and subsurface water, bed silt, quality of utility and drinking water supply sources, the state of the geologic environment, soil and snow cover, waste and effluents.

In the vicinity of Prirazlomnaya ice-resistant oil platform (IROP), the operational environmental control of marine environment and atmosphere is carried out. Monitoring the natural environment components is carried out at Novoportovsky License Area, Mys Kamenny oil acceptance and transfer unit, the Ob Bay in the vicinity of the facilities of the Arctic terminal for round-the-year oil shipment; Yamal plant and animal life are monitored due to development of the Novoportovsky OGCF. The results of the monitoring held in 2018 proved that the state of the monitored water areas was within normal limits, the measured indicators matched the natural background, no deviations from the natural functioning of the coastal ecosystems were detected. The ecosystems' diversity is high enough.

In 2018, the Group's expenses for operational environmental monitoring and operational environmental control amounted to RUB 2.6 billion. In 2015–2018, Gazprom's expenses amounted to RUB 10.8 billion.

Gazprom Group's industrial environmental monitoring and control expenses, 2015–2018, RUB million

Plans

In 2019, at least RUB 2-2.5 billion shall be spent on operational environmental control and operational environmental monitoring.

At PJSC Gazprom's facilities, the automatic operational environmental monitoring systems are operated as elements of an integrated system of operational dispatch management. In certain cases, Gazprom's operational environmental monitoring systems tracking down the environmental situation are integrated with regional environmental monitoring systems.

At the Black Sea, Gazprom holds regular inspections of the offshore segment of the gas pipeline branch to the automatic Novomikhailovskaya GDS of Jubga – Lazarevskoye – Sochi gas pipeline. During the inspections, the specialists examine the place where the gas pipeline is located and take sea water samples. "GNOM" underwater remotely-operated inspection complex is applied to monitor the state of the undersea areas.

No environmental violations were identified and no contamination of sea water with petroleum products were registered based on the outcomes of monitoring in 2018. The overall marine biota condition remained satisfactory. Fast-growing mussel colonies were discovered at certain sections of the gas pipeline. Colonies of sea plants attached to the protruding parts of the gas pipeline.

IMPROVEMENT OF ENVIRONMENTAL AWARENESS AND ENVIRONMENTAL CULTURE OF GAZPROM'S EMPLOYEES

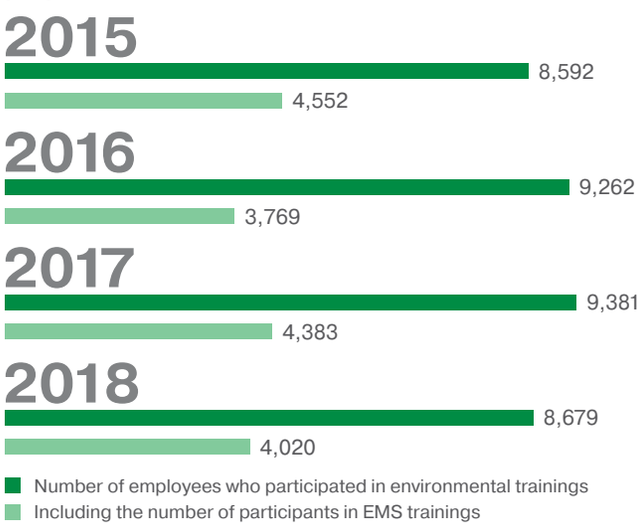
8,679

Gazprom's employees participated in environmental trainings in 2018

Successful environmental protection management is possible only if the companies' employees have relevant knowledge and strong environmental culture. The Gazprom Group provides environmental protection and EMS trainings for the employees, in particular, at Gazprom Corporate University platform.

In 2015–2018, over 35,000 Gazprom Group employees participated in environmental trainings.

Environmental training of Gazprom Group's employees, people



INFORMATION TRANSPARENCY

Information transparency is one of the principles of Gazprom Group companies' operations. It applies, in particular, to environmental protection activities. Environmental information pertaining to Gazprom Group is published at PJSC Gazprom official web site (http://www.gazprom.com) in *Environment*, *Media* and *Investors* sections. PJSC Gazprom Annual Report and the corporate Gazprom in Figures Factbook include the sections covering environmental protection and energy saving. The Environmental Report is presented to the shareholders and other stakeholders annually.

Information on the current and future Gazprom activities, as related to environmental protection and energy efficiency, is published continuously in the corporate magazines *Gazprom*, *Gas Industry*, in the newspapers and other periodicals of Gazprom Group companies, and in the specialized trade publications.

Pursuant to the requirements of the United Nations Framework Convention on Climate Change (UNFCCC), Gazprom provides information documents to the National Communications of the Russian Federation under the UNFCCC. The Communications disclose the indicators on greenhouse gas (GHG) emissions until 2030, as well as activities aimed at cutting down the emissions.

GRI 102-12

PJSC Gazprom's participation in the CDP international project aimed at disclosing information on GHG emissions is an important indicator of success of the activities in order to improve transparency of the Company's operations and one of the drivers of its investment attractiveness. PJSC Gazprom has taken part in that project since 2009. Since 2013, the Company has expanded the set of metrics included in the questionnaire and has provided additional data on indirect GHG emissions.

Over the past seven years, PJSC Gazprom has been the unfailing leader in the Energy sector of the Russian rating of the CDP investment partnership. According to the CDP international rating, PJSC Gazprom has the best (the smallest) products carbon footprint among 26 largest oil and gas companies in the world. The high results are the evidence of the corporate climate-change policy's efficiency.

Since 2010, Gazprom publishes sustainability reports where it discloses, in particular, the detailed information on the strategy and tactics of the rational use of natural resources, environmental protection, climate change and stakeholder relations.

The Group's leadership meets annually with the representatives of the national and regional media actively discussing the rational use of natural resources, environmental protection and energy saving. The Company reviews the stakeholder opinions regarding its environmental activities and takes them into account in course of long-term planning and operational management decision-making.

In 2018, there were 7,327 positive Media and Internet publications covering environmental aspects of Gazprom Group operations.

In 2018, Gazprom published a special booklet on the use of natural gas as motor fuel, and a special issue of the Blue Fuel newsletter discussing the opportunities to achieve the European Union (EU) climate change targets using natural gas.

[52]

[53]

PJSC Gazprom is among the leaders of Responsibility and Transparency and Sustainable Development Vector indices of the Russian Union of Industrialists and Entrepreneurs. The project is recognized by the Russian companies as a benchmarking tool, and it is included in the international sustainability indices and ratings base "The Reporting Exchange". The resulting indices as of 2018 passed the independent audit performed by FBK Grant Thornton.

[52] http://www.gazpromexport.com/files/BLUE_FUEL_yanvarь_08.04.19_compressed465.pdf
[53] http://www.gazpromexport.com/files/Gas_Motor_Fuel_2018_EN.pdf385.pdf

PRECAUTIONARY PRINCIPLE

GRI 102-11

PJSC Gazprom shares the key provisions of the precautionary principle (Principle 15 of the UN Rio Declaration on Environment and Development, 1992).

During the FEED and environmental impact assessment development stage, the baseline state of the key ecosystem components is established, the most vulnerable flora and fauna species are identified, and the proposals on mitigating the environmental impact are developed.

In order to identify, assess and respond in a timely manner to the environmental challenges, the Company has developed an efficient risk management and internal control system.

4.2. ENVIRONMENTAL PROTECTION AND SUSTAINABLE USE OF NATURAL RESOURCES

TARGETS FOR AND RESULTS OF 2018

Annually, PJSC Gazprom identifies significant environmental aspects that are taken into account when the environmental targets are defined. In 2018, methane emissions in the atmosphere during the repairs of gas trunklines and nitrogen oxides emissions from the operation of compressor stations, effluents discharge, waste disposal and noise emission were deemed significant environmental aspects.

PJSC Gazprom set six Corporate Environmental Targets for 2017–2019 taking the values of 2014 as baseline indicators.

In 2018, four out of six established target indicators were achieved. Growth of the fees for excessive environmental impact vs 2014 baseline level was driven by late receipt of environmental permits and it was not associated with additional environmental impact. Growth of the fuel and energy resources consumption for internal operating needs is driven by disproportionate increase in fuel and energy resources consumption as natural gas transportation increased (in 2018, goods transportation activities increased by 15.5%). Energy intensity analysis of trunkline gas transportation in comparable conditions of goods transportation activities confirms that unit indicators of fuel and energy resources consumption tend to decline.

Comparison of fuel and energy resources specific consumption for internal operating needs is correct if comparison is performed with a period when similar goods transportation activities were performed, rather than vs the preceding year. For example, comparison of 2018 vs 2013 shows unambiguous decline of fuel and energy resources specific consumption.

In 2018, the scope of transportation activities was 1,768 trillion m³·km, and in 2013 it was 1,640.2 trillion m³·km. And fuel and energy resources consumption was 27.8 kg of reference fuel per mcm·km in 2018 and 30.3 kg of reference fuel per mcm·km in 2013.

Corporate Environmental Targets achievement by PJSC Gazprom in 2018

No.	Corporate Environmental Target	Organizations in scope of the EMS application	Target achievement
1.	Reduce methane emissions in atmosphere, %	All subsidiaries involved in natural gas transportation	Reduction by 3.8%
2.	Reduce NOx unit emissions in atmosphere, t/mcm	All subsidiaries involved in natural gas transportation	Reduction by 2.2%
3.	Decrease discharge of polluted and insufficiently treated wastewater into surface water bodies, %	All subsidiaries	Decrease by 23.5%
4.	Decrease the share of waste sent for burial, %	All subsidiaries	Decrease by 5.3%
5.	Reduce the fees for excessive impact, %	All subsidiaries	Increase by 2.7%
6.	Reduce specific consumption of fuel and energy resources for internal operating needs, kg of reference fuel per mcm·km	All subsidiaries involved in natural gas transportation	Increase by 1.8%

Gazprom Neft set four environmental targets for 2018. Three of them were achieved. During the reporting year, the APG use level reached 78.32%.

Corporate Environmental Targets achievement by Gazprom Neft in 2018

No.	Corporate Environmental Target	Target achievement
1.	Achieve the targets as related to specific emissions of hazardous (pollutant) substances in atmosphere	The target was achieved. In 2018, specific emissions were: 3.26 kg per 1 ton of reference fuel of hydrocarbons produced; 0.70 kg per 1 ton of reference fuel of hydrocarbons processed.
2.	Achieve the targets as related to specific GHG emissions in atmosphere	The target was achieved. Specific GHG emissions were: 89.70 kg per 1 ton of reference fuel of hydrocarbons produced; 70.34 kg per 1 ton of reference fuel of hydrocarbons processed.
3.	Increase the share of waste treated and recycled	The target was achieved. The share of treated and recycled waste increased by 6.17% vs 2017 and equalled 89.68%.
4.	Achieve the medium-term target — increase of APG use level to 95%	This is medium-term objective. In 2018, APG use level was 78.32%. The reporting-year program of activities aimed at achieving the medium-term objective was implemented in full.

Gazprom Energoholding set three targets for 2018–2019 and two out of them were achieved in 2018. The share of excess fees for negative environmental impact increased in 2018 by 2.3% vs the baseline level as of 2014. The reason was the use of mark-up factors for assessing the payments due to temporary absence of the permits caused by lengthy projects approval by the supervisory authorities.

Corporate Environmental Targets achievement by Gazprom Energoholding in 2018

No.	Corporate Environmental Target	Baseline (2014)	Target (2019)	Actual (2018)	Achievement assessment
1.	Reduce specific NOx air emissions in 2019 (vs baseline level of 2014) by 0.02 t/ million kWh	0.41	0.39	0.37	–0.04 t/ million kWh The target is achieved by 100%.
2.	Reduce the share of waste sent for burial in 2019 (vs baseline level of 2014) by 2.11%	95.4%	93.3%	94.6%	–0,8% The target was achieved. Activities aimed at drawing bottom ash waste in economic circulation are in progress.
3.	Reduce the share of excess fees for negative environmental impact in 2019 (vs baseline level as of 2014) by 8.38%	23.6%	15.3%	25.9%	+2.3% (vs baseline) The target is not achieved.

Gazprom Neftekhim Salavat selected the indicators as of 2015 as the baseline. All five targets set for 2018 were achieved.

Corporate Environmental Targets achievement by Gazprom Neftekhim Salavat in 2018

No.	Corporate Environmental Target	Environmental objective (2018)	Environmental target achievement
1.	Reduce nitrogen dioxide emissions in atmosphere	Reduce nitrogen dioxide emissions in atmosphere by 2% vs 2015 baseline level.	Achieved. Emissions were reduced by 13.2% vs 2015 baseline level.
2.	Reduce ammonia emissions in atmosphere	Reduce ammonia emissions in atmosphere by 2% vs 2015 baseline level.	Achieved. Emissions were reduced by 81.8% vs 2015 baseline level.
3.	Reduce hydrogen sulphide emissions in atmosphere	Reduce hydrogen sulphide emissions in atmosphere by 3% vs 2015 baseline level.	Achieved. Emissions were reduced by 34.7% vs 2015 baseline level.
4.	Stabilize fees for pollutant air emissions of the stationary facilities made since 2017, keeping it at the level of 2015	Non-exceedance of the established rates of maximum admissible emissions.	Achieved. Fees for pollutant air emissions were reduced by 67.7% vs 2015 baseline level.
5.	Improve environmental protection capabilities of the employees	Provide trainings to employees in accordance with the approved training plan for 2018	Achieved. Environmental protection training was provided to 100 employees.

GAZPROM GROUP'S SPENDING ON ENVIRONMENTAL PROTECTION

RUB **29.19** billion

Investments in Gazprom Group's capital assets aimed at environmental protection and rational use of natural resources in 2018

RUB **39.15** billion

Gazprom Group's current environmental protection expenditures in 2018

In 2018, the Gazprom Group's environmental protection expenditures totalled RUB 68.96 billion, including environmental protection-related investments in capital assets in the amount of RUB 29.19 billion, current environmental protection expenditures in the amount of RUB 39.15 billion, payments for negative environmental impact in the amount of RUB 0.62 billion.

In 2018, the total Gazprom Group's environmental protection expenditures in the Russian Federation declined by 3% vs 2017 due to reduction of high investment expenditures of Gazprom Neft Group.

Environmental Protection Investments

Investments in capital assets aimed at environmental protection and rational use of natural resources, 2015–2018, RUB million

	2015	2016	2017	2018
Gazprom Group	**15,754**	**22,542**	**35,585**	**29,189**
Gas business companies	6,932	2,542	4,451	5,613
incl. PJSC Gazprom	6,893	2,271	2,863	5,284
Gazprom Neft Group	3,114	14,275	27,102	19,029
Gazprom Energoholding	2,837	368	579	1,374
Gazprom Neftekhim Salavat	2,871	5,356	3,453	3,173

The amount of the Gazprom Group's investments in capital assets aimed at environmental protection and rational use of natural resources declined by 18% vs 2017 due to completion of major investment projects by Gazprom Neft Group, such as construction of innovative waste treatment facilities at Moscow Refinery and the pressure-tight petroleum products loading rack at Omsk.

In 2018, the majority of the Gazprom Group's investments were aimed at atmospheric air protection (RUB 15,815 million, or 54% of the total Group's investments in environmental protection and rational use of natural resources).

RUB 6, 647 million (23%) were invested in protection and rational land use, including RUB 3,082 million spent on reclamation.

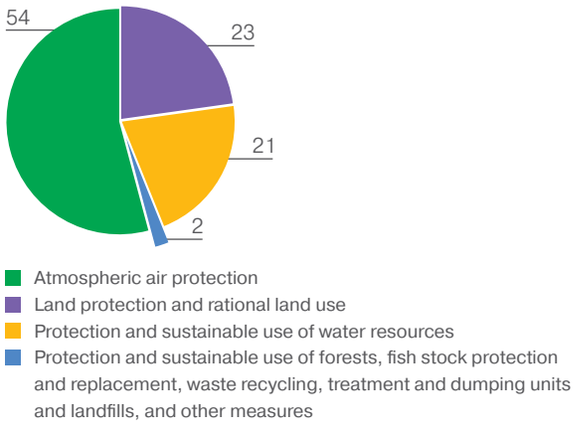
RUB 6,107 million (21%) were spent on protection and sustainable use of water resources, including RUB 4,323 million spent on construction of water treatment facilities and recirculated water systems.

RUB 620 million (2%) were spent on performing other tasks, including RUB 308 million spent on waste recycling, treatment and dumping units and landfills, RUB 35 million spent on protection and sustainable use of forests, RUB 33 million spent on fish stock protection and replacement, and RUB 244 million spent for other purposes.

In 2018, the Gazprom Group commissioned in operation:

- 49 wastewater treatment units and facilities with 52.31 thousand m^3 per day capacity;
- 3 recirculated water systems with 0.27 thousand m^3 per day capacity;
- 18 waste treatment and recycling units with the annual capacity of 6.81 thousand tons;
- 1 landfill for recycling, treatment and dumping of toxic industrial, household and other waste with the annual capacity of 17.02 thousand tons.

Structure of the Gazprom Group's investments in environmental protection and rational use of natural resources, 2018, %



Current environmental protection expenditures

In 2018, the Gazprom Group's current environmental protection expenditures increased by 14% vs 2017.

A larger share of costs is traditionally accounted for by wastewater collection and treatment. The Gazprom Group's current expenditures structure as of 2018:

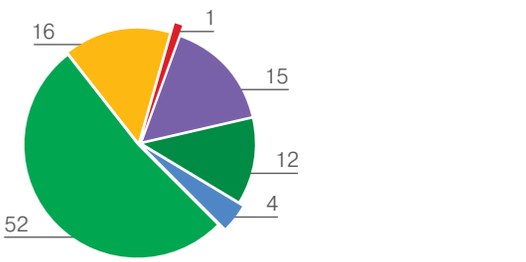
- Wastewater collection and treatment — RUB 20.38 billion or 52%;
- Land, surface waters, and subterranean waters protection and reclamation — RUB 6.14 billion;
- Atmospheric air protection and climate change prevention — RUB 4.88 billion;
- Waste handling — RUB 5.70 billion;
- Biodiversity preservation and designated natural areas protection — RUB 0.49 billion;
- Other environmental protection purposes (environment protection against noise, vibration and other types of physical impact, ensuring radiation safety of the natural environment, research and development aimed to reduce negative environmental impact and other) — RUB 1.57 billion.

Current environmental protection expenditures[1], 2015–2018, RUB million

	2015	2016	2017	2018
Gazprom Group	**32,169**	**34,103**	**34,468**	**39,154**
Gas business companies	17,349	18,757	19,247	21,125
incl. PJSC Gazprom	14,788	15,424	15,595	16,138
Gazprom Neft Group	6,656	7,005	7,028	6,080
Gazprom Energoholding	2,215	2,717	2,326	2,132
Gazprom Neftekhim Salavat	5,950	5,623	5,868	9,817

[1] Current expenditures include operating expenses, payment for environmental protection services and overhaul of the environment protection-related capital assets.

Structure of the Gazprom Group's current environmental protection expenditures in 2018, %



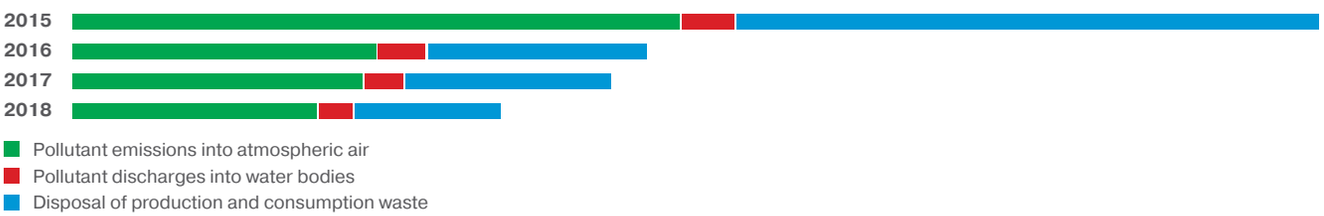
Fees for Negative Environmental Footprint

In 2018, the fees for pollutant air emissions (58%) and for dumping of production and consumption waste (36%) prevailed in the structure of negative environmental impact fees.

In 2015–2018, Gazprom Group's negative environmental impact fees became 3 times lower. The decline is driven mainly by reduction of fees for pollutant emissions in course of APG flaring at Gazprom Neft fields, elimination of mark-up factors, offset of previous excessive payments made when advance payments were performed, as well as by the activities aimed at ensuring timely receipt of permits and authorization documents.

Excess fees accounted for 32% of the negative environmental impact payments of the Gazprom Group in general, 21% at PJSC Gazprom, 59% at the Gazprom Neft Group, 26% at Gazprom Energoholding, 27% at Gazprom Neftekhim Salavat. In the vast majority of cases, the excess fees were accrued due to organizational reasons — late receipt or extension of environmental permits.

Gazprom Group's environmental payments structure by types of negative environmental impacts, 2015–2018, RUB million



	Pollutant emissions into atmospheric air	Pollutant discharges into water bodies	Dumping of production and consumption waste
2015	875.70	74.66	840.06
2016	427.38	63.72	333.70
2017	412.39	40.23	315.36
2018	356.94	35.36	223.46

Negative environmental impact fees, 2015–2018, RUB million

	2015	2016	2017	2018
Gazprom Group	**1,790.42**	**824.80**	**767.97**	**615.76**
Gas business companies	483.78	275.35	302.80	275.69
incl. PJSC Gazprom	375.12	237.47	266.07	251.04
Gazprom Neft Group	837.11	270.86	211.00	139.09
Gazprom Energoholding	460.01	260.91	232.63	187.70
Gazprom Neftekhim Salavat	9.52	17.68	21.54	13.28

Payments for Non-Compliance with Environmental Legislation

In 2018, government supervisory agencies held 753 checks of compliance with environmental requirements in course of the Gazprom Group's facilities operation and identified 435 breaches. No breaches were identified as a result of 503 checks.

Out of 435 breaches identified, 35 breaches (8%) were overturned by courts of law, 253 breaches (58%) were remedied within the established term, and the term for remedying 106 breaches did not expire during the reporting year. The total of 357 breaches were remedied during the year, including 104 breaches identified in course of checks held in the previous years.

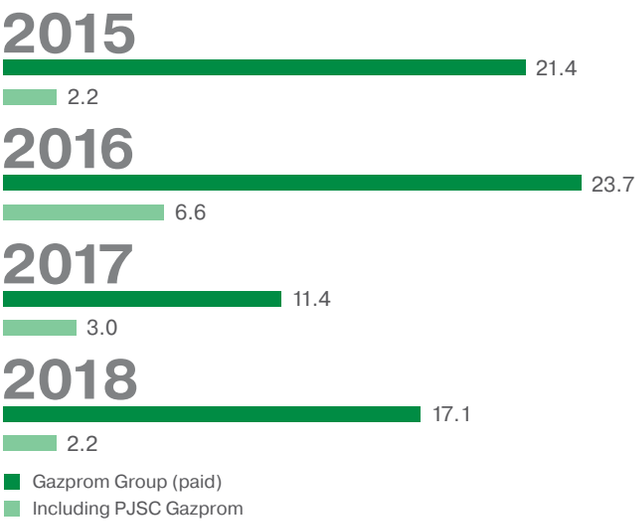
275 breaches (63%) posed no threat to the environment and did not entail any penalties for legal entities.

GRI 307-1

During the reporting year, the penalties paid amounted to RUB 17.12 million, including RUB 3.46 million paid based on the results of checks of the previous years. No information is available on non-financial sanctions imposed by supervisory agencies pursuant to the Administrative Offences Code of the Russian Federation.

In 2018, the Gazprom Group compensated the damage inflicted to the natural environment for the total of RUB 188.64 million, including the damage inflicted during the previous reporting periods for the total of RUB 177.14 million. The damages assessed due to accidents in 2018 amounted to RUB 1.74 million. Most of the compensation was accounted for by damage inflicted as a result of incidents at the Gazprom Neft Group's pipelines in 2017 and minor (by the territory affected) land contamination in the YaNAA. As the petition to reduce the amount of claim less the cost of reclaiming the land plots was considered at the court of law, the compensation for damage was paid in 2018.

Penalties paid by the Gazprom Group (excluding joint operations) in the Russian Federation, 2015–2018, RUB million



WATER: POLLUTION PREVENTION AND SUSTAINABLE USE

The main Gazprom's objective as related to water management is to reduce wastewater disposal to surface water bodies and enhance wastewater treatment.

PJSC Gazprom Water Resources Utilization System Development Program for 2016–2020, "Water of Life", is in effect at PJSC Gazprom. It stipulates the following targets:

- Ensure sustainable high-quality water supply to PJSC Gazprom's production and other facilities;
- Ensure efficient wastewater disposal from PJSC Gazprom's production and other facilities;
- Ensure environmental safety and rational use of natural resources as related to PJSC Gazprom's water supply and wastewater disposal.

Implementation of the *Water of Life Program* will improve efficiency of water purification and water treatment through increase of the share of water purification plants (WPP) achieving sanitary and epidemiological potable water standards from 70% WPP in 2014 to 90% WPP by 2020.

The share of wastewater purified to match the standard parameters at water treatment facilities (WTF) in the total volume of wastewater disposed to the water bodies shall be increased from 60.7% in 2014 to 72% by 2020.

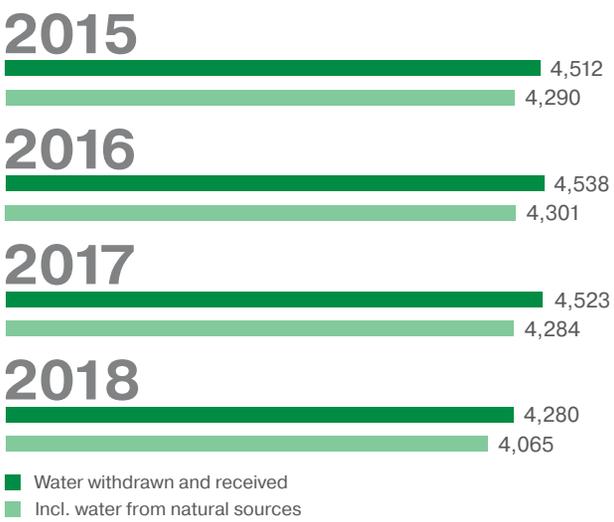
Pursuant to the *Water of Life Program*, water intensity of commercial products manufacturing shall be reduced by 6% and the volume of water reused for process purposes shall be increased by 25% by 2020.

In addition, as related to water resources protection, PJSC Gazprom EMS stipulates the Corporate Environmental Target for 2017–2019 to decrease discharge of polluted and crude wastewater in surface water bodies by 40.13% vs the baseline level. The status of achieving the Corporate Environmental Target is evaluated annually. In 2018, the target was achieved, the indicator was reduced by 23.5%.

GRI 303-1

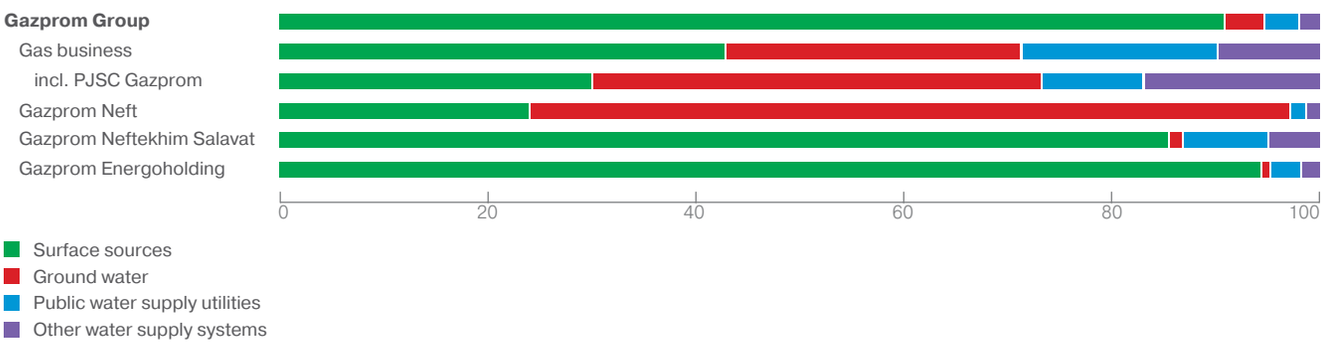
In 2018, Gazprom Group companies withdrew and received 4,280 mcm of water for water supply purposes, which is 5.4% less than in 2017. Water withdrawal from natural sources declined by 5.1%, i.e. to 4,065 mcm.

Gazprom Group's water consumption indicators, 2015–2018, mcm



Natural sources account for 95% of the Gazprom Group's water withdrawal, surface water bodies account for 96.2% of it, and ground water sources — for 3.8%. The Group's water consumption structure by types of sources depends upon specific features of operations and location of the facilities. Most of the water consumption (3,997 mcm) is accounted for by Gazprom Energoholding's generating entities.

Gazprom Group's water consumption structure by types of sources in 2018, mcm, %



	Surface sources	Ground water	Public water supply utilities	Other water supply systems
Gazprom Group	**3,911.53**	**153.80**	**133.79**	**81.08**
Gas business	45.02	29.67	19.55	10.23
incl. PJSC Gazprom	17.51	25.10	5.57	9.82
Gazprom Neft	32.79	99.99	1.76	1.65
Gazprom Neftekhim Salavat	36.62	0.46	3.41	2.05
Gazprom Energoholding	3,797.10	23.68	109.08	67.15

GRI 303-2

PJSC Gazprom's key natural sources of water intake are surface water bodies, such as the Kara Sea (a part of the Ob Bay, the Baydaratskaya Bay basin), Volga river (Kizan arm, Kigach tributary, Lastochkina arm, a section of the Volgograd Reservoir), Kuban, Pur (Khadutte and Yengayakha rivers) and other. Water is withdrawn from the surface and subterranean sources solely in accordance with the effective legislation and pursuant to water use agreements and extraction licenses.

Gazprom Group water intake does not produce any material impact upon the environment.

GRI 303-3

The Gazprom Group companies reduce water withdrawal from rivers, lakes and seas on a systemic basis. Recirculated water supply systems are installed at the facilities: wastewater is purified, cooled and treated, and supplied repeatedly for process needs. As a result, significant water saving is achieved in course of production. In 2018, the recycled and reused water volume amounted to 11,063.73 mcm at the Gazprom Group.

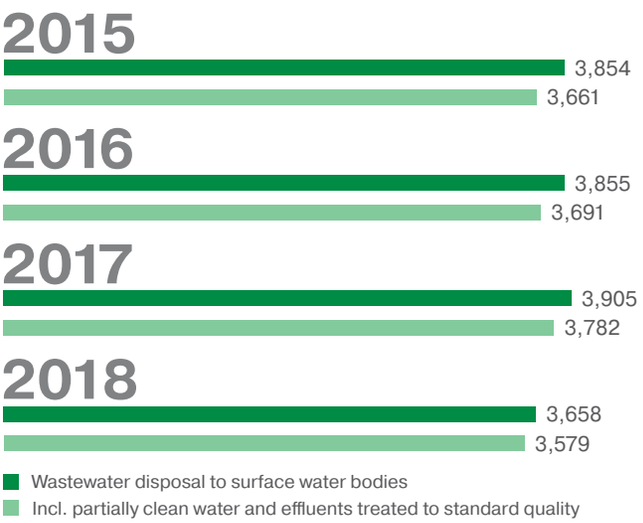
Information on the Gazprom Group's share and total volume of recycled and reused water as of 2015–2018 is provided in Appendix 5 (p. 184).

Gazprom Group disposes wastewater to surface water bodies pursuant to *Decisions on Granting Water Bodies for Use in accordance with Pollutants Discharge Norms*.

GRI 306-5

There are no water bodies and associated habitats subject to significant impact of water disposal.

Gazprom Group's water use indicators, 2015–2018, mcm



GRI 306-1

Out of 3,658 mcm of wastewater discharged into surface water bodies in 2018, 3,579 mcm is partially clean water and effluents treated to standard quality.

Information on the Gazprom Group's volumes of wastewater disposal, including the quality and the receiving body, is provided in Appendix 5 (p. 184).

Gazprom Group's wastewater disposal to surface water bodies, 2015–2018, mcm

	2015	2016	2017	2018
Gazprom Group	**3,853.75**	**3,855.45**	**3,905.26**	**3,658.44**
Gas business companies	34.09	35.10	33.87	31.80
incl. PJSC Gazprom	10.88	11.69	10.74	9.78
Gazprom Neft Group	27.20	0.11	0.12	0.11
Gazprom Energoholding	3,754.12	3,781.85	3,832.00	3,587.15
Gazprom Neftekhim Salavat	38.34	38.39	39.26	39.38

At Gazprom, Gazprom Energoholding companies account for the majority of wastewater discharged into the surface water bodies: out of the total volume of 3,658 mcm, they dispose in the surface water bodies 3,587 mcm of water. In 2018, Gazprom Energoholding's total wastewater disposal amounted to 3,713 mcm and included disposal to surface water bodies (3,587 mcm), storage lagoons (0.36 mcm), public utility systems (106.6 mcm) and other systems (18.7 mcm).

In course of operational environmental monitoring, the Gazprom Group's entities control the state of water bodies in the regions of operations. For example, at Bovanenkovskoye OGCF in the Yamal peninsula, the design solutions exclude wastewater disposal to surface water bodies completely in order to preserve fish resources. Fish protection devices are used in course of water withdrawal from the water bodies.

In 2018, water zone monitoring was carried out in the Prirazlomnaya IROP district; it showed that the state of the water zone is within the normal limits, measured parameters match natural background, and no variances from the natural performance of the coastal ecosystems were detected. Species diversity of the cenosis is at a sufficiently high level.

Sakhalin Energy Company[54] monitored the water condition in the seabed level, benthal deposits and benthic community in the vicinity of the drill waste disposal facilities. Proceeding from 2017 monitoring results, the Federal Service for Supervision of Natural Resources confirmed that waste disposal produced no adverse impact on the environment.

GRI 303-3

Gazprom Neft completed construction of "Biosphere" biological treatment plants at Moscow Refinery and commenced construction of similar facilities at Omsk Refinery. State-of-the-art technological solutions ensure 99.9% purification of wastewater discharge and 2.5 times decline of river water consumption. More importantly, wastewater is not disposed into natural water bodies after treatment, instead over 70% of it is reused in production processes. The technological solutions reduce the total space of treatment facilities significantly, make them more compact and ensure absolute pressure-tightness of the water treatment process stages.

The cost of the "Biosphere" project implementation was RUB 7.3 billion in case of Moscow Refinery, and at Omsk Refinery, the investments will amount to RUB 18.6 billion

In 2018, **Gazprom Energoholding** entities carried out certain activities aimed at water resources protection and preservation. For example, construction and installation works were completed as related to sewer pipe networks modernization, chemical water treatment liquid residue dewatering facility, construction of local treatment facilities at the point of discharge to the city sewer line at the Pravoberezhnaya CHPP of PJSC TGC-1 in St. Petersburg. PJSC Murmansk CHPP completed modernization of water treatment facilities at Discharge Outlets No. 2 (KC-1), No. 3 (KC-2) and No. 1 (KTC). Water metering equipment was installed at the Southern and the Northern water discharge outlets of CHPP-16 of PJSC Mosenergo. PJSC Mosenergo installed storm runoff metering units at CHPP-25 and process water metering units at the onshore pumping station of CHPP-26. The Krasnoyarsk SDPP-2, a branch of PJSC OGK-2, reduced process water use: it reused water from the outlet channel, in particular, in order to heat the feeder channel in winter period, to prepare feed water makeup for boilers and for feeding group metering stations. In order to ensure reasonable use of water resources, the Novocherkassk SDPP, a branch of PJSC OGK-2, performed metrological certification and maintenance of "SIRENA" cooling water metering system.

GRI 303-3

At **Gazprom Neftekhim Salavat**, recycling water supply is organized on the basis of 20 water recycling units for all process plants and facilities in order to reduce river water consumption. The overall company water recycling indicator is 98.1%, which is the evidence of technical

[54] Sakhalin Energy Investment Company Ltd. (Sakhalin Energy) is not included in the consolidated IFRS statements. Information on Sakhalin Energy activities is included in the Report due to the relevance of the company results for the topic discussed in this section.

excellence of Gazprom Neftekhim Salavat's recycling water supply systems and high percentage of recycled water use in the total industrial water supply volume. In 2018, recycled water supply amounted to 1,195 mcm.

All Gazprom Neftekhim Salavat's wastewater is sent to PromVodoKanal LLC treatment facilities through centralized sewerage systems.

In 2018, the discharge of effluents treated to standard quality into the surface water bodies was 39.4 mcm.

Information on the volume of formation water produced and its use at the Gazprom Group is provided in Appendix 5 (p. 191).

LAND: TIMELY RESTORATION AND PREVENTION OF ADVERSE IMPACTS

Exploration and prospecting, construction and operation of wells, pipelines and other facilities result in land disturbance and pollution. However, the impact upon land resources is not a significant environmental aspect for the Group. The Gazprom Group companies carry out disturbed lands reclamation and rehabilitation in a timely manner and in full, in order to put them back in economic turnover. In addition, the Gazprom Group works on liquidating the accumulated environmental damage of the previous years (former land users). While using lands, Gazprom preserves and restores their fertility.

Disturbed and polluted lands are restored by performing technical and biological reclamation stages using the following methods:

- mechanical treatment of the lands;
- soil stabilization, in particular, on the slopes (e.g., latex coatings, Xantan biopolymer, waste drilling mud, geowebs and geotextile are used);
- use of humic compounds preparations, deionizing growing media, rhizospheric bacteria strains, terrestrial algae (algae phytomelioration), etc.;
- hydrocarbon pollution removal technologies using microbiological preparations (such as *Putidoil*, *Devoroil*, *BIOROS*);
- biological reclamation technologies using special grass mixtures.

GRI 304-3

In 2018, 25,787 ha of lands were disturbed in course of the Gazprom Group entities operations, which is significantly less than in 2017 (42,162 ha). During the year, 15,767.5 ha were reclaimed.

The Gazprom Group also takes preventive measures in order to reduce the territory of disturbed lands. For example, the Group's companies apply advanced methods of *green* seismic exploration, horizontal and directional drilling, which prevent disturbance and pollution of lands, reduce the amount of waste and the space required for their storage. Blockwork construction technologies used for field facilities construction out of ready components, cluster well patterns in the fields, construction of multiline gas pipeline systems in the single right-of-way facilitate reasonable use of lands where the Group's companies carry out construction.

Gazprom Group's land protection performance, 2015–2018, hectares

	2015	2016	2017	2018
Territory of lands disturbed during the year	58,054.53	27,027.45	42,162.29	25,786.97
incl. polluted	82.30	71.31	87.33	111.26
Disturbed lands reclaimed during the year	18,220.34	42,450.24	19,600.05	15,767.52
incl. polluted	187.37	94.08	89.10	96.13

EMERGENCY OIL SPILL PREVENTION

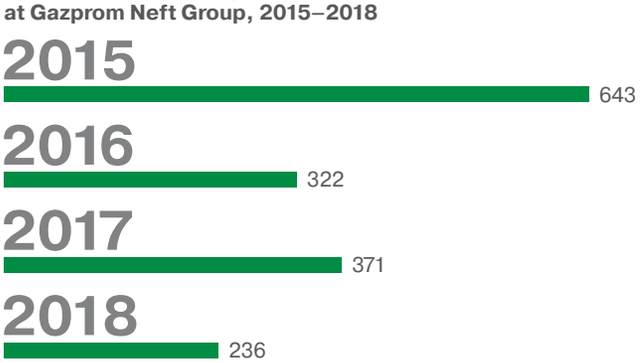
GRI 306-3

In 2018, the total amount of oil and petroleum product spills resulting from 917 pipeline ruptures equalled 70 tons. The majority of oil and petroleum product spills is accounted for by the Gazprom Neft Group — 69 tons were spilled as a result of 884 pipeline ruptures. At Gazprom Neft, pipeline ruptures were registered at the line sections of infield pipelines. In most cases, the ruptures were caused by internal corrosion (94%) being the result of corrosive substances transmission at oil and gas fields.

Oil spill management and response bodies are established at Gazprom Neft. Volunteer emergency response teams exist at all production facilities and they are in constant preparedness. Members of Emergency Situations (ES) Coordination Teams are on duty on a 24/7 basis in case of emergencies or crises. The Duty Dispatcher Service operates on a 24/7 basis. Classroom trainings, drills and emergency response exercises are held regularly at different levels and representatives of executive authorities are involved in them.

The activities of Gazprom Neft Shelf LLC aimed at containment and liquidation of the consequences of emergency oil spills are defined in the *Oil Spills Prevention and Liquidation Plan in Prirazlomnaya IROP Operational Area of Responsibility in Pechora Sea Water Zone*. In order to prevent and liquidate petroleum products spills in course of the IROP operation, Gazprom Neft Shelf LLC ensures constant emergency response readiness involving the appropriate resources and manpower of professional emergency response teams. In case of a spill, the support vessels that are on constant duty near the IROP are to immediately begin operational activities aimed at oil spill containment.

Total number of emergency drills and exercises held at Gazprom Neft Group, 2015–2018



BIODIVERSITY: PRESERVATION AND ENHANCEMENT

RUB 521.65 million

were invested by the Gazprom Group in preserving biodiversity and designated natural areas protection, fish reserves protection and replacement in 2018

GRI 304-2

In 2018, no significant direct or indirect impact of the Group companies' operations on vulnerable ecosystems and biodiversity was registered.

While implementing the most complex oil and gas production projects, Gazprom is fully aware of its responsibility for preserving ecological balance. Gazprom Group companies apply modern technological solutions allowing to mitigate environmental impact of the operations, carry out continuous environmental monitoring, implement biodiversity preservation programs both in the areas that are directly affected by the facilities and outside them at all regions of operations in Russia and abroad.

Fish protection devices are installed at water intakes, and overhead transmission lines are equipped with bird protection devices. Trees are planted in the areas of Gazprom Group companies' operations and in their areas of influence.

Gazprom Group Biodiversity Preservation Program Based on the List of Flora and Fauna Species Being Indicators of Marine Ecosystems Stability in the Arctic Zone of the Russian Federation enacted by OJSC Gazprom Neft in 2015 is in effect at Gazprom. The document includes PJSC Gazprom's biodiversity preservation strategy and

action plans to be carried out in course of the Gazprom Group's projects implementation at the Arctic continental shelf of the Russian Federation, at inland sea waters, in the territorial waters and contiguous zone of the Russian Federation. The subsidiaries provide financing to the projects implemented in collaboration with the Russian Geographic Society in Arctics, including monitoring the Arctic island ecosystems, preservation of populations of rare marine mammal species, as well as the polar bear in the designated conservation areas (DCA) in the North-East of the Barents Sea.

Gazprom Group provides financial and practical aid to federal, regional and local DCAs. For example, Gazprom Dobycha Orenburg LLC provides financial and organizational support to *Orenburgsky* State Natural Reserve project aimed at the Przhewalski's horse reintroduction in the natural habitat: thanks to the company support, about 30 new animals appeared in the Orenburg Region.

Since 2007, Sakhalin Energy in collaboration with Exxon Neftegas Limited participates in grey whale monitoring program implementation. In 2018, Gazpromneft – Sakhalin LLC joined them. The joint monitoring program is implemented in order to evaluate the animals' condition and their number, expand scientific knowledge base regarding grey whales and factors affecting them in their habitats.

PJSC Gazprom provides charity support to non-profit organizations *Amur Tiger Population Research and Preservation Center* and the *Eurasian Center for Preservation of Amur Leopards*, which implement the projects aimed at preserving and increasing the population of rare animal species included in the Red Book of Russia.

In 2018, a lot was done in fish resources replacement area, including most valuable species. Millions of fish were released in the rivers of the Black Sea, the Baltic Sea, Arctic seas' and the Far East seas' basins. **Gazprom Neft** began the new stage of the large-scale biodiversity support program in 2018. In addition to the works carried out in the Barents Sea, activities aimed and restoring Atlantic salmon population were implemented in Karelia part of the White Sea. In the Keret river, 25,000 two-year-old Atlantic salmons (the most valuable salmonids species) were released.

In the summer months of 2018, the Gazprom Group companies released over 9 million fingerlings and alevins of peled, dog salmon and muksun in the water bodies in Sakhalin, Yakutia and the KhMAA. In the Vologda Region, over 5 million alevins of nelma were released in the Kubena river; over 25,000 dog salmon alevins were released in the Krasnoyarka river basin; 12,000 peled alevins were released in the Aannyaakh river flowing in the Vilyuskoye Water Reservoir; over 200,000 muksun fingerlings and almost 1.5 million peled alevins were released in the Irtysh river.

For more details on biodiversity preservation by the Gazprom Group see the PJSC Gazprom Environmental Report 2018[55]:

Certain facilities owned by the Gazprom Group's entities are located near the borders of or directly in the environmentally vulnerable and designated conservation areas. Facilities located inside DCAs include sanatorium and health resort facilities, communication facilities and gas supply facilities, including those supplying gas to the population centres located within DCAs and public resort areas. In some DCAs or their protected zones there are monitoring wells of the operational environmental monitoring systems, gas trunkline sections, branch gas pipelines and producing wells.

The Gazprom Group has facilities within the following DCAs or in their protected zones:

- Anyiusky, Kislovodsky, Losiny Ostrov, Meshchersky, Nechkinsky, Orlovskoye Polesye, Pleshcheevo Ozero, Pripyishminskie Bory, Sochinsky, Ugra, Khvalynsky, Yugyd Va national parks;
- State natural reserves and federal reservations: Klyazminsky, Nadyimsky, Priazovsky, Ryazansky, Saratovsky, Severo-Ossetinsky, Utrish;
- Certain regional DCAs.

All requirements of the national legislation as related to environmental protection and land-use conditions of a particular DCA are adhered to.

[55] Page 42, the PJSC Gazprom Environmental Report 2018, https://www.gazprom.com/f/posts/67/776998/gazprom-environmental-report-2018-en.pdf

WASTE: REDUCTION OF BURIAL AND DISPOSAL AMOUNTS

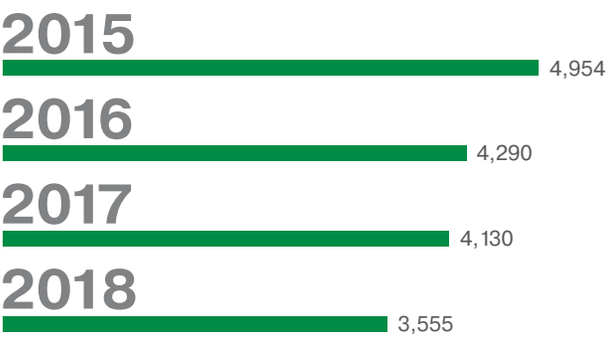
The EMS of PJSC Gazprom stipulates the target to reduce the share of waste dumping in 2017–2019 vs the baseline level of 43.6%. Achieving of the Corporate Environmental Target is evaluated annually. In 2018, the target was achieved.

Gazprom's priority is to reach maximum possible use of resulting waste in the industrial process. Best available technologies that reduce the waste volumes or zero waste best available technologies are implemented. Those measures would help reduce the amount of waste delivered for dumping or recycling.

GRI 306-2

In 2018, the Gazprom Group produced 3,555 thousand tons of waste, which is significantly (14%) less than in 2017 — 4,130 thousand tons.

Gazprom Group's waste production dynamics, 2015–2018, thousand tons



Information on the Gazprom Group's waste generation and handling is provided in Appendix 5 (p. 184–185).

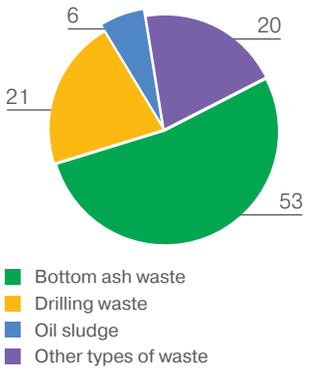
The reduction is driven by decline of bottom ash waste production (Hazard Class V) at Gazprom Energoholding facilities by 18.8% (predominantly due to substituting coal with natural gas in the fuel mix) and drilling waste production decline by 21.1% at the Gazprom Neft Group.

The majority of the Gazprom Group's production and consumption waste (97.6%) belong to low-hazard and virtually non-hazardous waste categories. Most of the Group's waste consists of bottom ash waste of Gazprom Energoholding, as well as drilling waste and oil sludge that are mostly produced at oil and gas production and processing facilities.

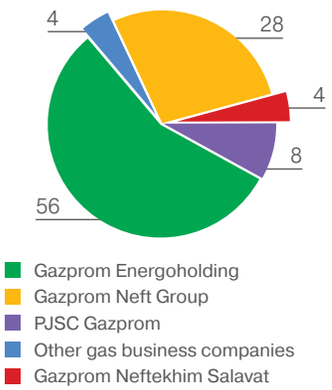
In 2018, **Gazprom Neft** produced 1,007 thousand tons of waste, including 910,000 tons of Hazard Class IV.

Gazprom Energoholding produced 1,998 thousand tons of waste in 2018, most of which (1,885 thousand tons) is bottom ash waste, and 1,971 thousand tons is Hazard Class V waste.

Gazprom Group's waste structure by types, in 2018, %



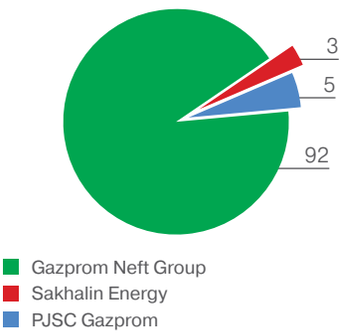
Gazprom Group companies' shares in waste generation in 2018, %



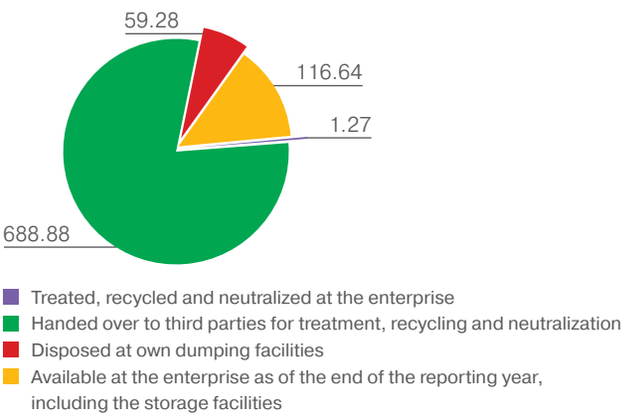
GRI OG7

The key objective of the Gazprom Group oil and gas production companies is environmentally sound disposal of drilling waste in course of wells construction and operation. In 2018, the total of 866,080 tons drilling waste were in circulation (including 108,930 tons of waste existing as of the beginning of the year, 748,000 tons of produced waste, 9,140 tons of waste produced from other entities), including 79.5% (688,880 tons) that were handed over to specialized licensed organizations for recycling and treatment, as well as for safe dumping.

Gazprom Group companies' share in drilling waste generation in 2018, %



Gazprom Group's drilling waste handling structure in 2018, thousand tons



One of the key requirements to well construction process is to prevent negative environmental impact of drilling waste, especially in harsh natural environment and climatic conditions of the Far North. In order to achieve that, design solutions facilitating reduction of drilling works environmental impact are used actively in course of field development. Thus, pit-free drilling technique is applied in course of producing wells construction. The Gazprom Group expands the practice of applying drilling waste recycling technologies that produce mineral construction materials, which are used for general construction works in course of fields development.

In 2018, **Gazprom Neft** recycled 616,800 tons of waste and neutralized 286,660 tons of waste using its own resources or through third parties. There were 144,700 tons of waste left as of the end of the year.

Gazprom Energoholding recycled 147,300 tons of waste using its own resources or through third parties, 305,130 tons were exported. In order to dispose of bottom ash waste from the Troitsk SDPP of OGK-2, the dump established at Shubarkol salt lake is used. It is located in the Kustanai Region of the Republic of Kazakhstan, therefore, all environmental activities pertaining to it are carried out in compliance with the Environmental Code of the Republic of Kazakhstan. During the reporting period, OGK-2 exported bottom ash waste (Hazard Class V) to the Republic of Kazakhstan (Shubarkol lake): in 2016 — 504,300 tons; in 2017 — 419,400 tons; in 2018 — 305,130 tons.

Gazprom Neftekhim Salavat handed over to third parties 82,200 tons of waste for disposal, 28,600 tons of waste for recycling and 1,470 tons of waste for neutralization. The year-end balance was 23,330 tons of waste.

Waste is transported and handed over to third parties for use, neutralization or dumping by specialized organizations that hold waste handling licenses.

AIR: POLLUTANT EMISSIONS

1,839 thousand tons

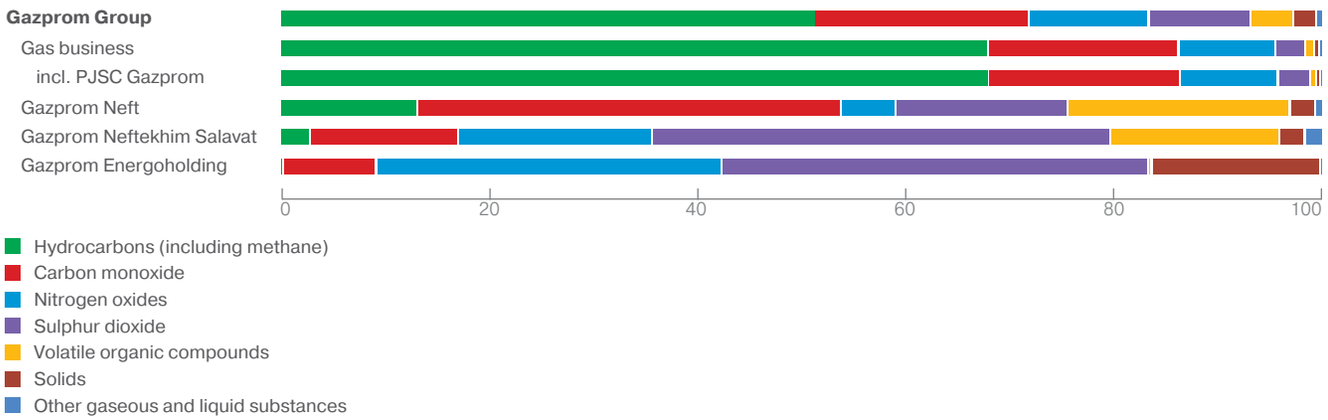
of pollutant emissions were collected and neutralized by the Gazprom Group in 2018

GRI 305-7

The Gazprom Group's emissions composition is driven by the specifics of its companies' business.

In 2018, pollutant emissions from the Gazprom Group's stationary sources amounted to 2,894 thousand tons, which is slightly above the previous year level. Insignificant pollutant emissions growth is driven by increase of natural gas extraction, transportation and injection / withdrawal volumes.

Component structure of air emissions across the Gazprom Group in 2018, thousand tons, %



	Gazprom Group	Gas business	Incl. PJSC Gazprom	Gazprom Neft Group	Gazprom Neftekhim Salavat	Gazprom Energoholding
Hydrocarbons (including methane)	**1,497.78**	1,440.04	1,365.13	56.73	0.87	0.14
Carbon monoxide	**594.10**	383.61	365.53	177.30	4.64	28.55
Nitrogen oxides	**328.62**	192.51	183.71	21.80	6.10	108.20
Sulphur dioxide	**276.16**	56.54	56.49	71.13	14.54	133.95
Volatile organic compounds	**116.23**	25.98	18.39	84.58	5.28	0.39
Solids	**75.00**	3.11	1.70	17.16	0.73	54.00
Other gaseous and liquid substances	**6.12**	0.82	0.46	4.60	0.67	0.03

In 2018, 1,839.41 thousand tons of pollutants were collected and neutralized at tail gas treatment units of the Gazprom Group. Gazprom Energoholding accounted for 1,722.14 thousand tons of that amount, PJSC Gazprom — for 108,300 tons, and other Gazprom Group companies — for 8,970 tons.
The collected and neutralized pollutant substances consisted of 93% of solid particles, predominantly solid fuel ash of power industry facilities, and of 7% of gaseous and liquid substances (including 95% of sulphur dioxide).

Dynamics of the Gazprom Group's gross pollutant air emissions, 2015–2018, thousand tons

In 2018, the Omsk Refinery donated to the Omsk Region a mobile environmental laboratory worth RUB 21 million. The mobile monitoring station is equipped with the modern gas analysis systems to detect pollutant substances in the air, including hydrogen sulphide, nitrogen oxides, hydrocarbons, methane, sulphur dioxide and carbon monoxide. In addition, the station is equipped for measuring the urban noise level and the automatic weather station that captures meteorological data, in particular wind speed and direction.

Dynamics of the key pollutant air emissions from the Gazprom Group's stationary sources, 2015–2018, thousand tons

	Hydrocarbons (including methane)	Carbon monoxide	Nitrogen oxides	Sulphur dioxide	Other substances
2015	1,430.80	533.64	286.26	328.43	251.42
2016	1,462.35	550.48	288.46	346.09	221.08
2017	1,495.67	529.92	313.57	262.66	194.15
2018	1,497.78	594.10	328.62	276.16	197.36

Gazprom Energoholding companies continue active work aimed at mitigation of environmental impact of production facilities. Automatic environmental monitoring systems are installed at utility boilers of CHPPs and boiler plants at district thermal plants owned by PJSC Mosenergo and PJSC MOEK; they support real-time tracking of pollutant substances concentration in effluent gases and implementation of emission reduction activities, if necessary. The systems provide information automatically both to the environmental departments of the companies and to Mosecomonitoring Moscow City Service.

4.3. CLIMATE: GREENHOUSE GAS EMISSIONS MANAGEMENT

Key Gazprom Group's activities aimed at conservation of climate:

- GHG accounting;
- Prevention of natural gas exhaust to the atmosphere in course of gas pipeline repairs and reduction of methane emissions in course of production operations;
- Reduction of APG flaring;
- Energy saving and energy efficiency activities, including use of alternative energy sources;
- NGV fuel market development.

GHG emissions management is a part of PJSC Gazprom's corporate strategy that promotes delivery of the national goal — by 2020, reduce GHG emissions to less than 75% of the said emissions level in 1990.

Information on financial risks and opportunities related to climate change is provided in Appendix 5 (p. 192).

TARGETS AND PLANS FOR GREENHOUSE GAS EMISSIONS REDUCTION

One of the significant environmental aspects of 2018 was methane emissions to the atmosphere in course of gas pipeline repairs. Those activities account for 70% of gross methane emissions and for unit emissions of nitrogen oxides in course of gas compression.

The emission reduction target is set at 2014 level and equals 62.7%[56] and 4.32 tons per mcm[57] respectively. In 2018, the target was achieved.

Plans

Pursuant to the *PJSC Gazprom Innovation Development Program*, the key target of improving environmental performance of the production process is KPI4 key performance indicator describing reduction of unit GHG emissions in CO_2 equivalent. The target value of KPI4 until 2020 is 6.6% of the baseline level of 2014, the target value of KPI4 for 2021–2025 is to maintain the achieved level. The Company also intends to add implementation of GHG emissions accounting system throughout the supply chain.

In 2018, the *Road Map of Greenhouse Gases Emissions Management System at Gazprom Group Companies until 2020 and for the Longer Term until 2030*, was developed taking into account multi-variance of development scenarios and environmental priorities.

The document sets forth the target values of the projected indicators of GHG unit emissions for 2020, 2025 and 2030, as well as the steps to achieve them.

Projected indicators of GHG unit emissions at PJSC Gazprom in 2020–2030, tons of CO_2 equivalent per 1 ton of oil equivalent

2020	2025	2030
0.239–0.248	0.223–0.243	0.211–0.230

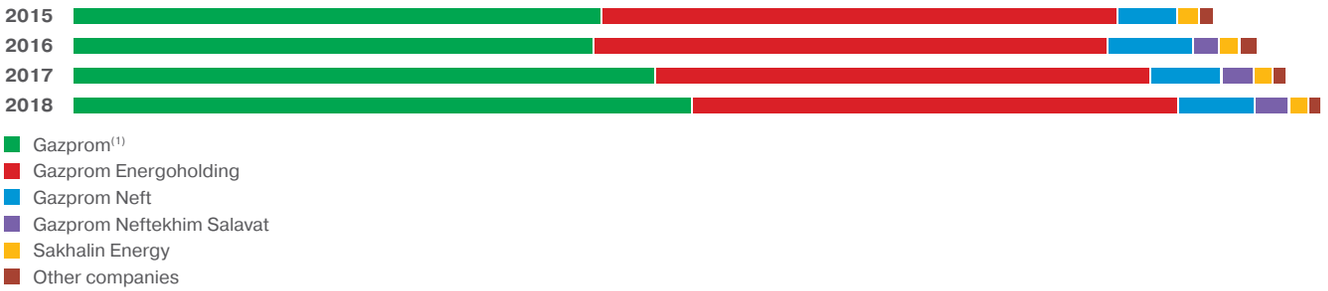
DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS VOLUME

In 2018, the total direct GHG emissions of the Gazprom Group's facilities amounted to 239.975 mmt of CO_2 equivalent, which is 6.14 mmt of CO_2 equivalent more than in 2017. Growth of the indicator is driven by the increase of production volumes in all segments of the Group's operations.

[56] The share of actual methane emissions in planned exhaust volumes in course of gas pipelines repair.
[57] Ratio of nitrogen oxides emissions to fuel gas consumption for internal process needs under the comparable goods transportation operations.

GRI 305-1

Gazprom Group's greenhouse gas emissions, 2015–2018, mmt of CO_2 equivalent



	Gazprom	Gazprom Energoholding	Gazprom Neft Group	Gazprom Neftekhim Salavat	Sakhalin Energy	Other companies
2015	102.56	99.99	11.22	–	3.70	2.49
2016	101.24	99.72	16.18	4.56	3.42	3.07
2017	113.17	96.17	13.31	5.75	3.22	2.21
2018	120.09	94.06	14.33	6.18	3.25	2.06

[1] GHG emissions categorized by the key types of PJSC Gazprom's economic activities: natural gas production, transportation, underground storage and processing — and PJSC Gazprom's emissions from other types of activities.

GRI 305-5

The key Gazprom's activities aimed at GHG emissions reduction in 2018 were prevention of natural gas exhaust to the atmosphere in course of the gas trunkline repairs, which amounted to 725,900 tons or 17,858 thousand tons of CO_2 equivalent.

Information on the Gazprom Group's GHG emissions by categories of the sources of emissions is provided in Appendix 5 (p. 186).

GRI 305-2

In 2018, PJSC Gazprom became the first Russian energy company where independent audit (assurance) of corporate reporting on GHG emissions was carried out under International Standard 3410 *Assurance Engagements on Greenhouse Gas Statements*, including energy indirect GHG emissions.

Energy indirect GHG emissions at PJSC Gazprom by key types of activities in 2018, million tons of CO_2 equivalent

Activity	Energy indirect emissions
Production	0.51
Transportation	4.62
Processing	2.98
Underground gas storage	0.10
Total	**8.21**

GRI 305-6

PJSC Gazprom does not use ozone-depleting substances on an industrial scale.

ASSOCIATED PETROLEUM GAS FLARING REDUCTION

GRI OG6

APG flaring is a topical issue of oil and gas sector: it results in economic losses and causes environmental risks. It becomes even more pressing during the economy transition to low-carbon and energy efficient development path.

Gazprom consistently reduces APG flaring by implementing APG utilization investment projects at the fields. The Group's objective is to achieve at least 95% APG utilization in compliance with Resolution No. 1148 of the Government of the Russian Federation dated November 8, 2012.

In 2018, APG beneficial use indicator was 97.7% at the fields of PJSC Gazprom's gas production subsidiaries (including OJSC Tomskgazprom), 78.3% at the Gazprom Neft Group, 97.4% at Sakhalin Energy.

Information on hydrocarbons flaring across the Gazprom Group is provided in Appendix 5 (p. 191).

Gazprom Neft develops the program to increase APG utilization at all production assets. The objective is to increase at least 95% APG utilization in growing production environment at the assets with well-developed gas infrastructure in 2020, and in 2022 throughout Gazprom Neft, including new assets.

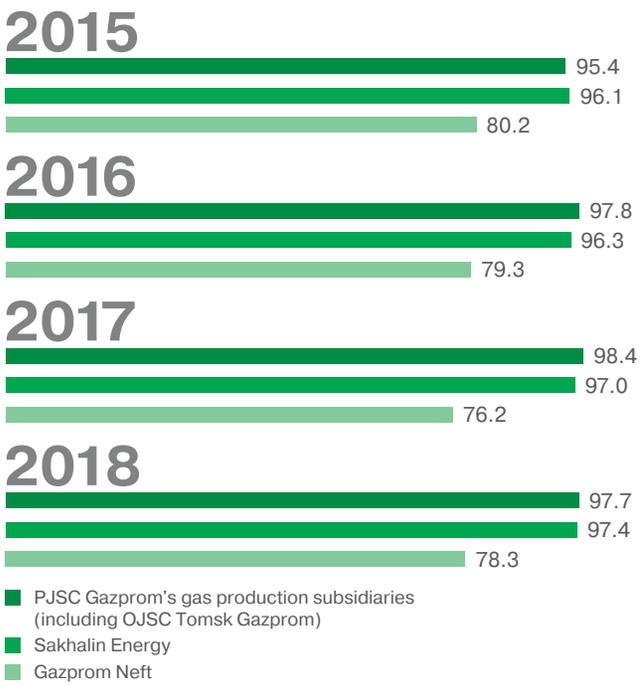
In 2018, APG at Gazprom Neft was 78.3% in Russia. Since 2016, gas utilization level was 92–99% at mature assets with well-developed gas infrastructure.

In general, APG beneficial use increased throughout Gazprom Neft in Russia in 2018 by 29.6% vs 2017. That was achieved through:

- Ensuring high on-stream availability factor of gas equipment (96%);
- Maintaining high APG utilization level at the assets with well-developed gas infrastructure;
- Beginning of commercial operation of Stage 2 of gas treatment plant at the Novoportovskoye field of Gazpromneft – Yamal LLC, as well as CS at TL-4 of the Eastern Section of the Orenburgskoye OGCF owned by Gazpromneft-Orenburg LLC.

Increase of APG at Gazprom Neft since 2016 is driven by development of new projects where APG utilization infrastructure is under construction. In particular,

Dynamics of APG utilization at the Gazprom Group's companies, 2015–2018, %



Gazprom Neft completes such infrastructure construction at Archinsk group of fields, the Southern Part of the Priobskoye field and the Novoportovskoye field, where production growth caused increase of APG flaring indicator in 2018.

ENERGY SAVING AND ENERGY EFFICIENCY

In 2011–2018, PJSC Gazprom saved 22.5 million tons of fuel and energy resources in terms of reference fuel (659 million GJ). In particular, natural gas savings amounted to 19.1 bcm (for example, that is comparable with annual gas consumption in the Moscow Region), electric power savings amounted to 2.2 billion kWh, and heat energy savings amounted to 1.8 million Gcal. The Company's unit consumption of gas and electric power for internal needs declined by 18.5% since 2011.

During the previous years, PJSC Gazprom established an effective corporate system of energy saving and energy efficiency management. According to the latest State Report on Energy Saving and Energy Efficiency

Improvement in the Russian Federation prepared by the Ministry of Energy of Russia, it became the best-performing system among the companies of the fuel and energy sector in 2012–2017 by fuel and energy resources saving volume. At the same time, PJSC Gazprom continues systemic work aimed at its further improvement and preparation for certification in compliance with ISO 50001 International Standard.

In 2018, PJSC Gazprom Management Committee approved the *Energy Efficiency and Energy Saving Policy* in furtherance of the *OJSC Gazprom Energy Saving and Energy Efficiency Concept for 2011–2020*.

Energy efficiency and energy saving activities are one of the priorities of PJSC Gazprom. Continuous energy efficiency improvement, energy resources saving and GHG emissions reduction at the production facilities are achieved by improving performance of production processes management, development and implementation of innovative technologies and equipment.

For more details on the Energy Efficiency and Energy Saving Policy see[58]:

Activities aimed at improving energy efficiency of PJSC Gazprom's production and operational processes are carried out on the basis of implementing a wide range of economically justified energy-saving activities both during the facilities operation stage and during their construction and commissioning in operation.

Pursuant to three-year programs, PJSC Gazprom carries out the following energy saving and energy efficiency improvement activities:

- Optimization of power equipment operation at the process facilities;
- Reduction of gas losses;
- Implementation of streamlined lighting, heating and ventilation schemes;
- Reduction of gas consumption for process needs through optimization of trunklines operating schedule;
- GCUs upgrading and replacement with high-performing new generation units with higher efficiency;
- Reduction of fuel gas consumption by replacing changeable flow channel for inertial gas compressors;
- Well surveying using remote metering devices without gas exhaust in the atmosphere;
- Increasing the volume of saving gas exhausted in course of repair activities.

Throughout 2018, energy-efficient equipment implementation programs were in progress. That included, for example, turbo-expanders at GDS to produce liquified natural gas and generate electric power and use of CS waste-heat recovery technologies. In addition, innovative technology projects were implemented, in particular, by using the mechanism of energy service agreements. In order to supply electric power to the Gazprom Group's remote facilities, autonomous power plants are used, such as gas turbine power plants, including APG power plants.

One of the meaningful results of energy saving and energy efficiency corporate programs implementation is the growing volume of natural gas preserved in course of gas pipeline repairs. Over 1 bcm of natural gas was preserved in 2018 due to technologies preventing gas loss in course of repair and maintenance activities.

Information on energy consumption at PJSC Gazprom, Gazprom Neft, Gazprom Energoholding and Gazprom Neftekhim Salavat is provided in Appendix 5 (p. 186–188).

[58] https://www.gazprom.com/f/posts/74/562608/2018-10-11-energetic-policy-eng.pdf

GRI 302-4

PJSC Gazprom energy saving and energy efficiency program implementation outcomes as of 2018

Activity	Natural gas, mcm	Electric power, million kWh	Heat energy, thousand Gcal
Gas, gas condensate and oil production	387.51	34.74	11.94
Gas transportation	2,480.84	267.18	50.34
Underground gas storage	19.47	2.38	0.00
Gas, gas condensate and oil processing	41.87	41.05	170.47
Gas distribution	21.09	9.69	2.76
Non-core business	1.13	9.21	0.35
Total	2,951.91	364.25	235.86
Total, million tons of reference fuel	**3.41**	**0.12**	**0.03**
Total, million GJ	**99.91**	**3.52**	**0.88**

The indicators of reduction in the consumption of fuel and energy resources for internal needs, as well as GHG unit emissions reduction, are included in PJSC Gazprom management appraisal system and are among the key indicators of the *PJSC Gazprom Innovative Development Program*. In 2018, the target value of this indicator (KPI3) was achieved. The target reduction was set at 3.56%, and the actual reduction was 4.2% as of 2018.

Plans

The *PJSC Gazprom Energy Saving and Energy Efficiency Improvement Program for 2019–2021* stipulates implementation of over 2,800 activities and achieving the total fuel and energy resources saving of at least 7.43 million tons of reference fuel, including:

- 6.19 bcm of natural gas;
- 635.75 million kWh of electric power;
- 529,840 Gcal of heat.

In value terms, PJSC Gazprom's expected energy saving benefits shall be at least RUB 24.21 billion.

Gazprom Neft pursues the Energy Policy that is the foundation of the Energy Management System (EnMS), which is implemented gradually across the enterprises since 2011. PJSC Gazprom Neft EnMS meets the requirements of ISO 50001:2011 international standard. The key tool ensuring delivery of the planned energy efficiency indicators is the *Energy Saving and Energy Efficiency Improvement Program*.

In 2018, the most significant activities of the Downstream *Energy Saving and Energy Efficiency Improvement Program* were:

- Upgrading of the process furnaces and retrofitting of the boilers (increasing combustion gases waste-heat recovery);
- Optimization of compressor equipment operation, upgrading of the lighting systems;
- Optimization of heat supply systems layouts, process flow waste-heat recovery (using the heat of the product flows to heat feedstock or other process flows).

GRI 302-4

the energy saving achieved as a result of the Downstream Energy Saving and Energy Efficiency Program implementation

In 2018, the *Refinery Energy Saving and Energy Efficiency Program* contributed significantly to the Downstream results. That program is a part of large-scale refining assets modernization program. Under that program, new modern processing units are built, automatic management and control systems are implemented, and obsolete processing facilities are decommissioned at the refineries. In 2018, the economic benefits from energy-saving activities implemented at the Omsk and Moscow Refineries was RUB 447.4 million, which is 50% above the plan. In total, 25 energy saving projects were implemented in 2018 at the Omsk and Moscow Refineries.

The key driver of the Downstream energy efficiency improvement in course of technological activities is upgrading the oil production equipment. Artificial lift

accounts for the majority of power consumption in course of oil production. Well operations are optimized: they are switched to short-term or periodic operation mode, and energy efficient downhole equipment is implemented. The most important technological activities include the upgrading of pumping units, use of energy efficient rotors and installation of variable speed drives in the formation pressure maintenance system, as well as in oil treatment and pumping.

Significant energy resources saving was achieved as a result of well interventions aimed at reducing formation water production and its injection in the formation. The key organizational activities are energy audits, the energy efficiency control system and IT projects pertaining to energy saving and energy efficiency projects.

Results of Gazprom Neft Energy Saving and Energy Efficiency Improvement Programs implementation in 2018

	Fuel saving, thousand tons of reference fuel	Electric power saving, million kWh	Heat energy saving, thousand Gcal
Total	**139**	**481**	**279**
Total, million GJ	**4.07**	**4.65**	**1.04**

Pursuant to the legislative requirements, **Gazprom Energoholding** companies developed energy efficiency and energy saving program documents.

Reduction of energy requirements for Gazprom Energoholding products sold, 2015–2018

	2015	2016	2017	2018
Electric power, specific consumption in terms of reference fuel, g/kWh	306,0	301,8	300,3	295,0
Heat energy, specific consumption in terms of reference fuel, kg/Gcal	138,9	139,6	140,4	140,6

The total fuel saving achieved through the change in specific consumption in terms of reference fuel is both due to commissioning the facilities under the CSA, and to other activities: inefficient equipment decommissioning, shifting thermal capacity from boiler houses to power plants, implementation of energy saving technologies.

The overall reduction of specific reference fuel consumption for electric power generation purposes at Gazprom Energoholding equalled almost 11 g/kWh or 3.6% between 2015 and 2018.

At Gazprom Energoholding, reduction of the specific reference fuel consumption for electric power generation purposes is driven by the increase of generation by CSA facilities and inefficient equipment decommissioning.

And in 2015–2018, the specific reference fuel consumption increment was 1.7 kg/Gcal or 1.2%, which is driven mainly by the increase of heat generation at CHPP peak water boilers.

GRI 302-4

Results of Gazprom Energoholding Energy Saving and Energy Efficiency Improvement Programs implementation in 2018

	Fuel saving, thousand tons of reference fuel		Electric power saving, million kWh	Heat energy saving, thousand Gcal
	Total	Including gas		
Total	**1,224**	**1,197**	**599**	**184**
Total, million GJ	**35.87**	**35.07**	**5.78**	**0.69**

Reduction of energy consumption as direct result of energy saving and energy efficiency initiatives at Gazprom Neftekhim Salavat LLC, 2015–2018, thousand GJ

2015	2016	2017	2018
25.3	325.6	1,755.9	910.6

Information on fuel and energy resources saving at Gazprom Neft, Gazprom Energoholding, Gazprom Neftekhim Salavat is provided in Appendix 5 (p. 189–190).

Information on energy intensity of the key activities of PJSC Gazprom and Gazprom Energoholding is provided in Appendix 5 (p. 188–189).

RENEWABLE AND SECONDARY ENERGY RESOURCES

RUB **43** million — investments in renewable energy sources at PJSC Gazprom's facilities in в 2015–2018

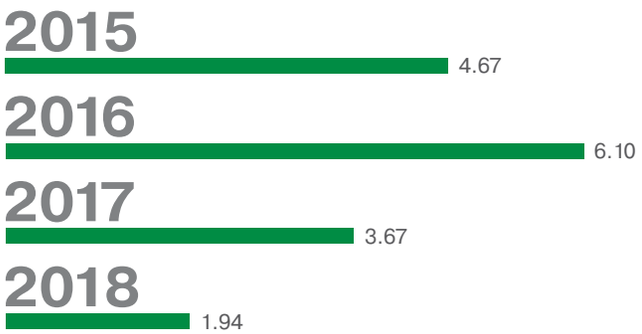
12.84 billion kWh — electric power generated by the Gazprom Group using hydrogeneration

582,660 kWh — electric power generated by the Gazprom Group using alternative power plants

The Gazprom Group supports use of alternative energy sources in cases when that is justified from economic and technical points of view, in particular, in remote or technologically isolated areas. The Group uses renewable energy sources and secondary energy resources to generate energy for internal needs and for sale to third-party customers. Solar and wind generators, gas flow heat and energy converters into electric power are applied at the production facilities, gas trunkline facilities and gas distribution networks for routine power supply to remote metering systems, electrochemical protection of gas trunklines, lighting, etc.

Hydrogeneration accounted for 12.84 billion kWh of electric power generated by the Gazprom Group. The hydroelectric power plants of PJSC TGC-1 make a noticeable contribution to green power sector of the Northwestern Federal District of Russia and account for the majority of production.

Reduction of energy requirements for Gazprom Neftekhim Salavat products sold and services provided, 2015–2018, million GJ



In 2018, Gazprom Group used 2,154 secondary energy resources- and renewable energy sources-based power generation units, other than hydroelectric sets, e.g. turbo expanders, thermogenerators, solar generation modules and batteries, wind generators. The total electric power generated by those power units amounted to 582,660 kWh.

GRI OG2

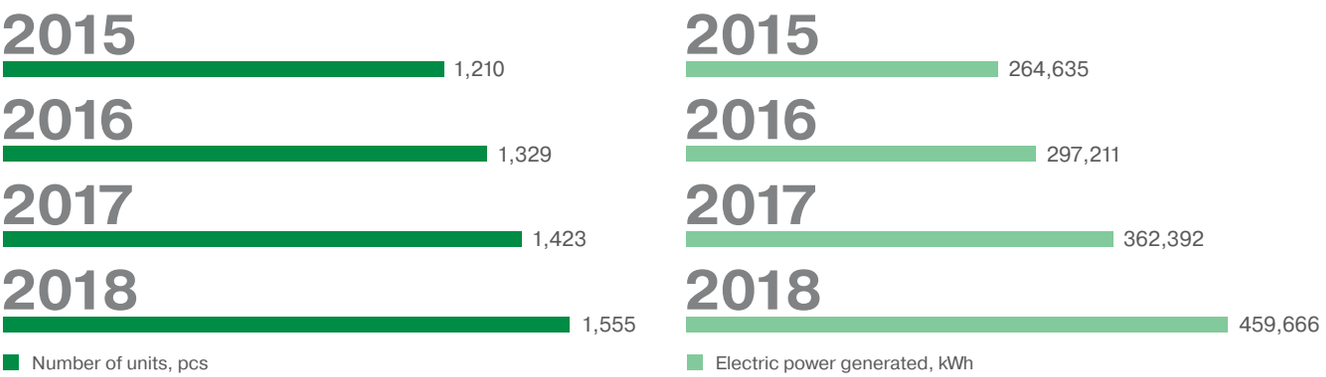
In 2015–2018, renewable energy sources investments at **PJSC Gazprom's** facilities exceeded RUB 43 million.

GRI OG3

Power generation at renewable and secondary energy sources at the Gazprom Group, 2016–2018

Generation type	Power generation, MWh			Number of units, pcs		
	2016	2017	2018	2016	2017	2018
All types of renewable energy sources and secondary energy resources	13,036,783.05	13,723,908.39	12,844,199.28	1,907	2,077	2,272
Turbo expanders	38.47	143.92	93.17	10	20	17
Thermogenerators	0.77	2.67	6.44	672	719	726
Solar and wind generators	321.24	324.89	483.06	1,107	1,220	1,411
Hydroturbines	13,036,422.57	13,723,436.91	12,843,616.61	118	118	118

PJSC Gazprom's renewable and secondary energy sources use indicators



NATURAL GAS VEHICLE FUEL

Natural gas is the most preferable fuel for transportation vehicles as related to mitigation of the environmental impact.

The Gazprom Group promotes NGV fuel both in Russia and abroad. For example, EcoGas fuel brand was presented at mass sporting events: at the *Kazan Marathon* and *White Nights* marathons, 2017 FIFA Confederations Cup and 2018 FIFA World Cup games. In autumn 2018, *Gas into Engines* motor rally for LNG vehicles was held in China, Kazakhstan and Russia. Fifteen trucks, cars and buses using LNG as the main fuel participated in the motor rally. The rally route was the longest in the world: its length was 9,881 km.

Information on Gazprom's activities in this area is provided in the NGV fuel market development Section (p. 50).

DIALOGUE WITH AN EXPERT

Oleg Aksyutin, Deputy Chairman of the Management Committee and Head of Department at PJSC Gazprom:

"NATURAL GAS WILL HELP REDUCE POLLUTANT AIR EMISSIONS"

How could natural gas help accomplish the global task of emissions reduction?

In the energy sector, coal substitution with natural gas could reduce significantly both greenhouse gases emissions (*carbon footprint*) and pollutants emissions (*toxic footprint*): nitrogen oxides — up to 32%, sulphur dioxide — up to 99%, carbon monoxide — up to 68%, ash and soot — by 100%, carbon dioxide — up to 50%. In many regions of the world, that would prevent smog formation and positively affect the environment and peoples' health.

Good opportunities are created by transportation vehicles conversion to natural gas. According to the available estimates, use of natural gas as motor fuel helps reduce greenhouse gas emissions by 25–30% compared to the emissions level in case of gasoline and diesel fuel use. The toxic footprint of a natural gas vehicle throughout the whole value chain is three times less than that of a gasoline vehicle and five times less than that of a diesel vehicle.

Does low-carbon economy development entail implementation of new technologies?

Natural gas can become the basis of the future low-carbon energy sector. Gazprom is already engaged in practical activities aimed at developing innovative technologies for methane – hydrogen mixtures and hydrogen production from natural gas without any carbon dioxide emissions.

In 2018, we presented our ideas regarding greenhouse gases emissions reduction in the *On the Way to 2050: Opportunities for the European Union* document. We proposed to the EU the three-stage scenario to establish green low-carbon economy in order to achieve the objectives of the Paris Climate Accord. Pursuant to that scenario, gradual transition to low-emission methane and hydrogen fuel will cut emissions down by 25–35% by 2030, and subsequently will ensure achieving on the ambitious EU targets to reduce emissions by 2050 by using new completely carbon-free technologies for producing hydrogen from natural gas.

Does natural gas have any competitors as related to carbon footprint at present?

Carbon footprint means the total emissions throughout the value chain. It becomes one of the key indicators at the energy resources market. Investors and lenders rely upon that criterion in course of decision-making.

As related to carbon footprint, natural gas is the most environmentally sound fossil fuel. It has advantages at all stages: in case of its use, there is no issue of disposing large volumes of bottom ash waste disposal like in coal generation, and there is no risk of oil spills.

Natural gas also has advantages compared to renewable energy sources. For example, solar panels' carbon footprint taking into account their manufacturing and transportation from China to the EU is actually comparable to the carbon footprint of coal power generation and it is almost two times higher than natural gas power generation carbon footprint.

And another example: although in the EU and the USA the carbon footprint of an electric vehicle, taking into account the current electric power generation energy balance, is commensurate to greenhouse gases emissions of a natural gas vehicle, in China and some other countries it is 25% higher than the total greenhouse gas emissions from natural gas vehicles.

GAZPROM'S POSITION ON GREENHOUSE GAS EMISSIONS REDUCTION

Methane and carbon dioxide emissions are among the key risks of oil and gas production business as related to climate impact. Pursuant to the Russian legislation, methane is both a GHG and a pollutant substance. Carbon dioxide is included in the GHG list.

In accordance with sustainability principles, Gazprom Group adheres to the international and national legislation as related to climate change. Reduction of GHG emissions is a part of PJSC Gazprom's corporate strategy. The Group's activities aimed at reducing the climate impact are based upon the provisions of:

- Energy Strategy of Russia for the period of up to 2030;
- State program of the Russian Federation *Environmental Protection* for 2012–2020;
- Climate Doctrine of the Russian Federation approved by Presidential Executive Order No. 861-rp of December 17, 2009;
- Presidential Decree No. 752 *On Reduction of Greenhouse Gas Emissions* dated September 30, 2013;
- Action plan on 75% Greenhouse Gas Emission Reductions Below 1990 Levels by 2020 approved by Russian Federation Government Resolution No. 504-r of April 2, 2014;
- Methodology Guidelines for the Development of Greenhouse Gas Emission Reduction Indicators by Sectors of Economy, approved by Order of the Ministry of Economic Development of the Russian Federation No. 767 of November 28, 2014;
- Concept for the Development of a System for Monitoring, Reporting and Verification of Greenhouse Gas Emission Volumes in the Russian Federation, approved by Russian Federation Government Order No. 716-r of April 22, 2015.

The Company's standpoint is consistent with the national target of the Russian Federation approved by Presidential Decree No. 752 of September 30, 2013. The goal is to bring greenhouse gas emissions by 2020 to no more than 75% of what they were in 1990.

GRI 102-12

In 2018, PJSC Gazprom signed the *Guidelines for Methane Emissions Reduction in the Natural Gas Value Chain*. That document was developed in collaboration, in particular, with the United Nations Environmental Program, the International Energy Agency, the International Gas Union, the International Oil and Gas Climate Initiative Organization, the Environmental Protection Fund, the Gas Industry Sustainability Institute. Having signed that document, the Company assumed the obligations to reduce methane emissions further at its production facilities, as well as engage in that process all other gas market players at all steps of the value chain — from producing entities to the end customer. Previously, the *Guidelines for Methane Emissions Reduction in the Natural Gas Value Chain* were signed by other companies, such as BP, Eni, ExxonMobil, Repsol, Shell, Statoil, Total and Wintershall.

GAZPROM'S VISION OF THE ROLE OF GAS IN SCENARIOS OF LOW-CARBON DEVELOPMENT

The Paris Climate Accord that took effect on November 4, 2016 opens up new prospects for gas consumption. A number of European countries, for instance, Germany and the Netherlands, declared their intention to cut the coal intensity of power and heat generation, and, ultimately, to abandon coal altogether. Giving up this fuel will boost gas consumption, and that factor will be an additional opportunity to increase natural gas supplies and to improve low-carbon development of the EU countries.

Use of natural gas can promote implementation of the EU's Long-Term Low Greenhouse Gas Emission Development Strategy to 2050 by the following ways.

1. A well-developed gas infrastructure helps cut emissions promptly and without any significant expenses while replacing coal-based power and heat generation with natural gas. Additionally, reduction of emissions can be ensured by converting transport to natural gas. Those measures will make it possible to cut greenhouse gas emissions in the EU quickly by 13-18% from the current level and ensure achievement of the EU's proclaimed 2020 targets (to the 1990 level) within the set timeframes.
2. Taking into account capabilities of the existing gas infrastructure for the transportation and storage of those energy resources, use of a new low-carbon fuel based on methane-hydrogen mixtures in the EU energy industry and transport sector will help reduce GHG emissions by 25-35% and, consequently, will drive achievement of the EU climate targets for 2030.
3. Development and wide-scale adoption of economically effective technologies of hydrogen production from natural gas without CO2 emissions (cracking, pyrolysis, cold plasma, etc.) will bring about an 80% reduction of GHG emissions in the EU by 2050.

Utilization of readily available, cheap, eco-friendly gas in combination with renewable energy sources will help find economically and environmentally efficient solutions for sustainable development.

GAZPROM GROUP'S COOPERATION WITH INTERNATIONAL PARTNERS AND INTERNATIONAL ENERGY ORGANIZATIONS IN EUROPE AND THE APR

PJSC Gazprom shares best practices, holds research and develops environmental protection and energy efficiency proposals in collaboration with international partners. That is an integral part of the Company's activities.

Within the framework of PJSC Gazprom's scientific and technical collaboration with international partners, a series of the meetings aimed at joint topical research in environmental protection and energy efficiency area were held in 2018.

In June 2018, PJSC Gazprom presented methane and hydrogen development scenario at the *Green Gas for Germany* Symposium arranged in Berlin by the *Future of Gas* Association. In course of the public discussion of the draft EU Long-Term Low Greenhouse Gas Emission Reduction Strategy, PJSC Gazprom presented the *On the Way to 2050: Opportunities for the European Union* document, which proposes the three-stage scenario of green low-carbon EU economy development for the purposes of the Paris Accord implementation.

Within the framework of scientific and technological collaboration between PJSC Gazprom and N.V. Nederlandse Gasunie, the meeting of the Strategic Collaboration Task Force *Natural Gas Decarbonization Using Hydrogen and Other Innovative Technological Solutions* was held, where hydrogen production, transportation and storage were discussed and the potential promising option of hydrogen production from natural gas without any carbon dioxide emissions was presented.

PJSC Gazprom is engaged continuously in the international activities aimed at promoting sustainable energy sector. In 2018, the Company participated in a number of events. Use of natural gas for economy decarbonization were discussed at the meeting of the UN Economic Commission for Europe Gas Panel (Switzerland, Geneva, March 20–22, 2018), the Round Table of the Global Gas Center *Natural Gas as the Key Decarbonization Element* (Germany, Berlin, March 2018), meetings of the Domestic Markets Task Force of Russia — EU Gas Advisory Panel, committees of the International Business Congress.

Taking into consideration the attention paid by the international community to gas leak matters, PJSC Gazprom presents on a regular basis information regarding its activities aimed at cutting methane emissions and the best practices applied. At the meeting of the STC Coordination Council, PJSC Gazprom and Gasunie presented the report on *Methane Emissions Accounting and Control System — PJSC Gazprom Practices*. In August 2018, the report on *Innovative Technologies Application for Improvement of Gas Trunkline Transportation Process Energy Efficiency* was presented at the meeting of PJSC Gazprom and KOGAS scientific and technological collaboration sub-group in St. Petersburg, and the schedule of *Energy Saving and Energy Efficiency* technological discussions was developed within the framework of PJSC Gazprom

and KOGAS STC Program for 2018–2020. Within the framework of experience sharing with the European Partners, PJSC Gazprom's practices were presented at the methane emissions workshop held at the Florence School of Governance.

Implementation of the *Methane Role in Climate Change* project was completed within the framework of the International Business Congress, in which PJSC Gazprom and the international partners took part. Based on the expert estimates, human-induced methane does not produce any significant impact upon the climate: for example, the global oil and gas industry methane emissions account for only 0.1% of the total global greenhouse gas emissions. Isotope analysis confirms that the key reason of methane concentration increase in the atmosphere is biogenous methane, namely, emissions from rice fields, live-stock animals (cows), waste. Gas from the Russian deposits is excluded from the list of reasons of increase of methane concentration in the atmosphere[59].

Gazprom Group (Gazprom Export LLC in collaboration with the special envoy to the EU — Gazprom Marketing & Trading France company) is the only service provider under EUREACH and CLP environmental regulations for the whole range of exported products. New requirements to chemicals stipulated in the legislation of the EU and other countries are monitored continuously. Product Safety Data Sheets are updated in accordance with the new requirements, in particular, as related to classification and labelling; additional research of the product fractional analysis and physical and chemical properties is carried out in compliance with the European Chemicals Agency (ECA) standards. New products are registered in advance in order to enable commercial products export to the EU countries.

For more details on PJSC Gazprom's environmental collaboration with international partners see PJSC Gazprom Environmental Report 2018[60]:

[59] http://www.international-bc-online.org/wp-content/uploads/2018/01/Роль-метана.pdf
[60] Page 70, PJSC Gazprom Environmental Report 2018, https://www.gazprom.com/f/posts/67/776998/gazprom-environmental-report-2018-en.pdf

APPENDICES

GRI 102-55

APPENDIX 1.

GRI Content Index

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		GENERAL STANDARD DISCLOSURES	
		GRI 102: General Disclosures (2016). Organizational profile	
GRI 102-1	Name of the organization	About Gazprom Group	19
GRI 102-2 **SDG 7, 8, 9, 16, 17**	Activities, brands, products, and services	About Gazprom Group See p. 248–268, *Information on PJSC Gazprom Registered Trade Marks* section of the Quarterly Issuer's Report as of Q1 2019 http://www.gazprom.ru/f/posts/77/885487/gazprom-emitent-report-1q-2019.pdf	19
GRI 102-3	Location of headquarters	About Gazprom Group	19
GRI 102-4 **SDG 7, 17**	Location of operations	About Gazprom Group Appendix 2. For the Section *"About Gazprom Group"*	19 150–153
GRI 102-5	Ownership and legal form	About Gazprom Group	19
GRI 102-6 **SDG 7, 17**	Markets served	Appendix 2. For the Section *"About Gazprom Group"* See p. 69 of the Quarterly Issuer's Report as of Q4 2018 http://www.gazprom.ru/f/posts/01/851439/gazprom-emitent-report-4q-2018.pdf	150–153
GRI 102-7 **SDG 7, 8, 9, 17**	Scale of the organization	About Gazprom Group / *Gazprom Group's Key Performance Indicators* As of December 31, 2018, the IFRS consolidated financial statements included the indicators of the following organizations: subsidiaries — 326, joint operations — 7, associated organizations and joint ventures — 48. See p. 9 of the balance sheet in the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS), as of December 31, 2018: https://www.gazprom.com/f/posts/98/701327/gazprom-ifrs-2018-12m-en.pdf	23–24
GRI 102-8 **RUIE – 3.1.1.** **SDG 8**	Information on employees and other workers	Appendix 4. For the Sections *"Focus on the Person. People at Gazprom"* and *"Focus on the Person. People Next to Us"*	175–177
GRI 102-9	Supply chain	Appendix 2. For the Section *"About Gazprom Group"* See p. 54 of the Annual Report of PJSC Gazprom as of 2018 https://www.gazprom.com/f/posts/67/776998/gazprom-annual-report-2018-en.pdf See Quarterly Issuer's Report as of Q1 2019, p. 50-51: http://www.gazprom.ru/f/posts/77/885487/gazprom-emitent-report-1q-2019.pdf	161–163
GRI 102-10	Significant changes to the organization and its supply chain	Section 2. Focus on the Person. People at Gazprom / *Gazprom Group Staff*	73
GRI 102-11	Precautionary Principle or approach	Section 4. Life in a Favourable Environment / *Precautionary Principle*	112

Indicator	Indicator description	Disclosure	Page
GRI 102-12 **RUIE – 3.3.4.** **SDG 16, 17**	External initiatives	About Gazprom Group Section 2. Focus on the Person. People at Gazprom / *HR Management at Gazprom* Section 4. Life in a Favourable Environment/ *Improvement of Environmental Awareness and Environmental Culture of Gazprom Employees* Section 4. Life in a Favourable Environment / *Gazprom's Position On Greenhouse Gas Emissions Reduction* Appendix 2. For the Section *"About Gazprom Group"*	30 72 111 137 154
GRI 102-13 **RUIE – 3.3.5.** **SDG 16, 17**	Membership of associations	Appendix 2. For the Section *"About Gazprom Group"* See p. 113 of the Quarterly Issuer's Report as of Q1 2018: http://www.gazprom.ru/f/posts/01/851439/gazprom-emitent-report-1q-2018-changes-13-02-2019.pdf	161
		GRI 102: General Disclosures (2016). Strategy	
GRI 102-14	Statement from senior decision-maker	Message from Gazprom CEO	4–5
GRI 102-15	Key impacts, risks, and opportunities	About Gazprom Group Appendix 2. For the Section *"About Gazprom Group"* Appendix 5. For the Section *"Life in a Favourable Environment"*	30–31 157–159 192
		GRI 102: General Disclosures (2016). Ethics and integrity	
GRI 102-16	Values, principles, standards, and norms of behaviour	About Gazprom Group Appendix 2. For the Section *"About Gazprom Group"*	22 155–156
GRI 102-17 **SDG 16**	Mechanisms for advice and concerns about ethics	Appendix 2. For the Section *"About Gazprom Group"*	155–156
		GRI 102: General Disclosures (2016). Governance	
GRI 102-18	Governance structure	About Gazprom Group See p. 169–176, *PJSC Gazprom Corporate Governance Model chapter* of the Annual Report of PJSC Gazprom as of 2018 https://www.gazprom.com/f/posts/67/776998/gazprom-annual-report-2018-en.pdf	25–26
GRI 102-19	Delegating authority	About Gazprom Group	30
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	About Gazprom Group	30
GRI 102-22 **SDG 5**	Composition of the highest governance body and its committees	About Gazprom Group See p. 59–65, *PJSC Gazprom Board of Directors and Management Committee* chapter of the Annual Report of PJSC Gazprom as of 2018 https://www.gazprom.com/f/posts/67/776998/gazprom-annual-report-2018-en.pdf See p. 169–176, *PJSC Gazprom Corporate Governance Model* chapter of the Annual Report of PJSC Gazprom as of 2018 https://www.gazprom.com/f/posts/67/776998/gazprom-annual-report-2018-en.pdf	26
GRI 102-23	Chair of the highest governance body	The chair of the highest governance body is not an executive officer in the organization.	–
GRI 102-24 **SDG 5**	Nominating and selecting the highest governance body	About Gazprom Group	26

Indicator	Indicator description	Disclosure	Page
GRI 102-25 SDG 16	Conflicts of interest	About Gazprom Group Appendix 2. For the Section *"About Gazprom Group"* Regulation on the Board of Directors of PJSC Gazprom https://www.gazprom.com/f/posts/74/562608/regulations-board-of-directors-2019-06-28-en.pdf See *Anti-Corruption Efforts* section of the Annual Report of PJSC Gazprom as of 2018, p. 198-201 https://www.gazprom.com/f/posts/67/776998/gazprom-annual-report-2018-en.pdf	27 155–156
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	About Gazprom Group See p. 3 of the Regulation on the Board of Directors of PJSC Gazprom https://www.gazprom.com/f/posts/74/562608/regulations-board-of-directors-2019-06-28-en.pdf Appendix 2. For the Section *"About Gazprom Group"*	22, 30 154
GRI 102-28	Evaluating the highest governance body's performance	About Gazprom Group	28
GRI 102-30	Effectiveness of risk management processes	Appendix 2. For the Section *"About Gazprom Group"*	160
GRI 102-31	Review of economic, environmental, and social topics	About Gazprom Group See p. 171, *PJSC Gazprom Corporate Governance Model* chapter of the Annual Report of PJSC Gazprom as of 2018 https://www.gazprom.com/f/posts/67/776998/gazprom-annual-report-2018-en.pdf	27
GRI 102-32	Highest governance body's role in sustainability reporting	About the Report	8
GRI 102-33	Communicating critical concerns	About Gazprom Group See p. 171, *PJSC Gazprom Corporate Governance Model chapter* of the Annual Report of PJSC Gazprom as of 2018 https://www.gazprom.com/f/posts/67/776998/gazprom-annual-report-2018-en.pdf	27
GRI 102-34	Nature and total number of critical concerns	About Gazprom Group See p. 171, *PJSC Gazprom Corporate Governance Model* chapter of the Annual Report of PJSC Gazprom as of 2018 https://www.gazprom.com/f/posts/67/776998/gazprom-annual-report-2018-en.pdf	27
GRI 102-35	Remuneration policies	About Gazprom Group See p. 177–181, *Remuneration of the Members of the Governance and Control Bodies* chapter of the Annual Report of PJSC Gazprom as of 2018 https://www.gazprom.com/f/posts/67/776998/gazprom-annual-report-2018-en.pdf	28
GRI 102-37	Stakeholders' involvement in remuneration	About Gazprom Group See p. 177-181, *Remuneration of the Members of the Governance and Control Bodies* chapter of the Annual Report of PJSC Gazprom as of 2018 https://www.gazprom.com/f/posts/67/776998/gazprom-annual-report-2018-en.pdf	28
		GRI 102: General Disclosures (2016). Stakeholder engagement	
GRI 102-40	List of stakeholder groups	About the Report	13
GRI 102-41 RUIE – 3.1.4. SDG 3, 4, 5, 8, 10	Collective bargaining agreements	Section 2. Focus on the Person. People at Gazprom / *Social Partnership*	76

Indicator	Indicator description	Disclosure	Page
GRI 102-42	Identifying and selecting stakeholders	About the Report	13
GRI 102-43 **SDG 16**	Approach to stakeholder engagement	About the Report	9, 14–18
GRI 102-44	Key topics and concerns raised	About the Report Section 1. Energy for People Section 2. Focus on the Person. People at Gazprom Section 3. Focus on the Person. People Next to Us	11 45, 48, 50 75 94, 98
		GRI 102: General Disclosures (2016). Reporting practice	
GRI 102-45	Entities included in the consolidated financial statements	About the Report See p. 42–45 of the consolidated financial statements prepared in compliance with the International Financial Reporting Standards (IFRS) as of December 31, 2018 (the list of the major subsidiaries is provided) https://www.gazprom.com/f/posts/98/701327/consolidated-fs-gazprom-2018-en.pdf	8
GRI 102-46	Defining report content and topic Boundaries	About the Report Appendix 6. Reporting Principles and Boundaries The boundary of each material topic was defined by the persons in charge of managing the respective topics.	8–12 193
GRI 102-47	List of material topics	About the Report	12
GRI 102-48	Restatements of information	There were no restatements in the reporting period.	–
GRI 102-49	Changes in reporting	The list of material topics was revised and updated on the basis of stakeholder engagement processes. Additional topics included in the list of material topics are: ■ Social benefits and non-financial motivation of the employees at Gazprom Group ■ Equal opportunities for all employees of Gazprom Group ■ Gazprom Group's social projects ■ Gas Infrastructure Expansion in in the Russian Federation ■ Natural Gas Vehicle Fuel Market Development *Definition of material topics to be included in the Report* There were no significant changes of the boundaries versus the previous year.	9
GRI 102-50	Reporting period	About the Report	8
GRI 102-51	Date of most recent report	About the Report	8
GRI 102-52	Reporting cycle	About the Report	8
GRI 102-53	Contact point for questions regarding the report	Contacts and feedback	200
GRI 102-54	Claim of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.	–
GRI 102-55	GRI content index	Appendix 1. GRI Content Index	140–149
GRI 102-56	External assurance	About the Report The report has been approved by a professional auditor – audit firm FBK Grant Thornton. The report was endorsed by the Council of the Russian Union of Industrialists and Entrepreneurs (RUIE) in terms of its non-financial statements.	8–9 197–199
		GRI 103: Management approach (2016)	
GRI 103-1	Explanation of the material topic and its Boundary	About the Report	9–12

Indicator	Indicator description	Disclosure	Page
GRI 103-2 **RUIE – 1.1.** **SDG 1–17**	The management approach and its components	Appendix 2. For the Section *"About Gazprom Group"* (material topics' numbers — 3, 6, 7)	155–156
		About Gazprom Group / *Gazprom Group's Strategy* (material topics' numbers — 2, 8)	22
		Section 1. Energy for People / *Innovation Management* (material topics' number — 4)	63–66
		Section 1. Energy for People / *Gas Sales to Russian Consumers. Gas Infrastructure Expansion and Gas Supplies in Russian regions* (material topics' number — 24)	43–46
		Section 1. Energy for People / *Natural Gas Vehicle Fuel Market Development* (material topics' number — 25)	50–53
		Section 1. Energy for People / *Gas Reserves Replacement* (material topics' number — 8)	39
		Section 2. Focus on the Person. People at Gazprom / *HR Management at Gazprom* (material topics' number — 18)	72–73
		Section 2. Focus on the Person. People at Gazprom (material topics' numbers — 19, 20)	75–79
		Section 2. Focus on the Person. People at Gazprom / *Process Safety* (material topics' number — 15)	84–86
		Section 3. Focus on the Person. People Next to Us (material topics' numbers — 21, 23)	94–105
		Section 4. Life in a Favourable Environment / *Environmental Sustainability Management and Environmental Control* (material topics' numbers — 9–12, 14)	108–109
		Section 4. Life in a Favourable Environment / *Energy Saving and Energy Efficiency* (material topics' number — 13). No complaints about the Group's activities were submitted in the reporting period.	130–131
GRI 103-3 **RUIE – 1.1.**	Evaluation of the management approach	Appendix 2. For the Section *"About Gazprom Group"* (material topics' numbers — 3, 6, 7)	155–156
		About Gazprom Group / *Gazprom Group's Strategy* (material topics' numbers — 2, 8)	22
		Section 1. Energy for People / *Innovation Management* (material topics' number — 4)	63–66
		Section 1. Energy for People / *Gas Sales to Russian Consumers. Gas Infrastructure Expansion and Gas Supplies in Russian regions* (material topics' number — 24)	43–46
		Section 1. Energy for People / *Natural Gas Vehicle Fuel Market Development* (material topics' number — 25)	50–53
		Section 1. Energy for People / *Gas Reserves Replacement* (material topics' number — 8)	39
		Section 2. Focus on the Person. People at Gazprom / *HR Management at Gazprom* (material topics' number — 18)	72–73
		Section 2. Focus on the Person. People at Gazprom (material topics' numbers — 19, 20)	75–79
		Section 2. Focus on the Person. People at Gazprom / *Process Safety* (material topics' number — 15)	84–86
		Section 3. Focus on the Person. People Next to Us (material topics' numbers — 21, 23)	94–105
		Section 4. Life in a Favourable Environment / *Environmental Sustainability Management and Environmental Control* (material topics' numbers — 9–12, 14)	108–109
		Section 4. Life in a Favourable Environment / *Energy Saving and Energy Efficiency* (material topics' number — 13).	130–131

Indicator	Indicator description	Disclosure	Page
		Material topics	
SDG 7, 8, 9, 11, 12, 17	Innovations and R&D at Gazprom Group	Section 1. Energy for People / *Gazprom Group's Contribution to National Industrial Development*	63–66
SDG 7, 8, 9, 11, 12, 17	Gas infrastructure development in the Russian Federation	Section 1. Energy for People / *Gas Sales to Russian Consumers. Gas Infrastructure Expansion and Gas Supplies in Russian regions*	43–46
SDG 7, 8, 9, 11, 12, 17	NGV fuel market development	Section 1. Energy for People / *Natural Gas Vehicle Fuel Market Development*	50–53
		GRI 201: Economic performance (2016)	
GRI 201-1 RUIE – 1.2., 1.3., 1.4., 1.5., 1.6., 1.7. SDG 8, 9	Direct economic value generated and distributed	Appendix 3. For the Section "Energy for People"	165
GRI 201-2 SDG 13	Financial implications and other risks and opportunities due to climate change	Appendix 5. For the Section *"Life in a Favourable Environment"*	192
GRI 201-3 RUIE – 1.8.	Defined benefit plan obligations and other retirement plans	Section 2. Focus on the Person. People at Gazprom / *Gazprom Group's Social Policy.* See p. 49 of the consolidated financial statements prepared in compliance with the International Financial Reporting Standards (IFRS) as of December 31, 2018 https://www.gazprom.com/f/posts/98/701327/consolidated-fs-gazprom-2018-en.pdf.	79
		GRI 203: Indirect economic impacts (2016)	
GRI 203-1 RUIE – 1.7. SDG 9	Infrastructure investments and services supported	Section 3. Focus on the Person. People Next to Us / *Helping Those in Need* Appendix 4. For the Sections *"Focus on the Person. People at Gazprom"* and *"Focus on the Person. People Next to Us"*	101–102 183
GRI 203-2 SDG 3, 4, 8, 11, 17	Significant indirect economic impacts	Section 3. Focus on the Person. People Next to Us / *Partnership with the Regions*	94–105
		GRI OG: Reserves	
GRI OG1	Volume and type of estimated proven reserves and production	About Gazprom Group	23–24
		GRI 204: Procurement practices (2016)	
GRI 204-1 SDG 8, 11, 12	Proportion of spending on local suppliers	Section 1. Energy for People / *Import Substitution and Localization*	67
		GRI 205: Anti-corruption (2016)	
GRI 205-1[(1)] **SDG 16**	Operations assessed for risks related to corruption	Appendix 2. For the Section *"About Gazprom Group"*	156
GRI 205-2[(2)] **SDG 16**	Communication and training about anti-corruption policies and procedures	Appendix 2. For the Section *"About Gazprom Group"*	156
GRI 205-3 SDG 16	Confirmed incidents of corruption and actions taken	During the reporting period no incidents of corruption were identified at PJSC Gazprom, PJSC Gazprom Neft, Gazprom Energoholding Group, Gazprom Neftekhim Salavat LLC.	–

(1) Total number and percentage of the units (by types of activities) subject to corruption-related risks assessment are not provided because no centralized records are kept.

(2) The following information is not provided because no centralized records are kept: data broken down by regions, total number and percentage of the members of governance bodies trained on the anti-corruption policies and methods, data broken down by employee categories and regions, total number and percentage of employees trained on the anti-corruption policies and methods.

Indicator	Indicator description	Disclosure	Page
		GRI 206: Anti-competitive behaviour (2016)	
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	See p. 56–57 of the consolidated financial statements prepared in compliance with the International Financial Reporting Standards (IFRS) as of December 31, 2018 https://www.gazprom.com/f/posts/98/701327/consolidated-fs-gazprom-2018-en.pdf.	–
		GRI 302: Energy (2016)	
GRI 302-1[3] RUIE – 2.2. SDG 7, 8, 11, 12	Energy consumption within the organization	Appendix 5. For the Section *"Life in a Favourable Environment"*	186–188
GRI 302-3 RUIE – 2.2.1. SDG 7, 8, 11, 12	Energy intensity	Appendix 5. For the Section *"Life in a Favourable Environment"*	188–189
GRI 302-4[4] SDG 7, 11, 12	Reduction of energy consumption	Section 4. Life in a Favourable Environment / *Energy Saving and Energy Efficiency* Appendix 5. For the Section *"Life in a Favourable Environment"*	132–133 189–190
GRI OG2 SDG 7, 9, 17	Total amount invested in renewable energy	Section 4. Life in a Favourable Environment / *Renewable and Secondary Energy Resources*	134
GRI OG3 SDG 7	Total amount of renewable energy generated by source	SectSection 4. Life in a Favourable Environment / *Renewable and Secondary Energy Resources*	135
		GRI 303: Water (2016)	
GRI 303-1 RUIE – 2.3. SDG 6	Water withdrawal by source	Section 4. Life in a Favourable Environment / *Water: Pollution Prevention and Sustainable Use*	118
GRI 303-2 SDG 6	Water sources significantly affected by withdrawal of water	Section 4. Life in a Favourable Environment / *Water: Pollution Prevention and Sustainable Use*	119
GRI 303-3 RUIE – 2.4. SDG 6, 11, 12	Water recycled and reused	Section 4. Life in a Favourable Environment / *Water: Pollution Prevention and Sustainable Use* Appendix 5. For the Section *"Life in a Favourable Environment"*	119–121 184
GRI OG5[5] SDG 3, 6, 11, 12, 14	Volume and disposal of formation or produced water	Appendix 5. For the Section *"Life in a Favourable Environment"*	191
		GRI 304: Biodiversity (2016)	
GRI 304-2 SDG 3, 14, 15	Significant impacts of activities, products, and services on biodiversity	Section 4. Life in a Favourable Environment / *Biodiversity: Preservation and Enhancement*	122
GRI 304-3 SDG 3, 14, 15	Habitats protected or restored	Section 4. Life in a Favourable Environment / *Land: Timely Restoration and Prevention of Adverse Impacts*	121
		GRI 305: Emissions (2016)	
GRI 305-1 RUIE – 2.5. SDG 3, 11, 12, 13	Direct (Scope 1) GHG emissions	About Gazprom Group / *Gazprom Group's Key Performance Indicators* Section 4. Life in a Favourable Environment / *Direct and Indirect Greenhouse Gas Emissions Volume* Appendix 5. For the Section *"Life in a Favourable Environment"* See p. 28, Greenhouse Gas Emissions section of PJSC Gazprom 2018 Environmental Report https://www.gazprom.com/f/posts/67/776998/gazprom-environmental-report-2018-en.pdf.	24 129 186

[3] Total fuel consumption, electric power and heat energy consumption, sold electric power heat energy, as well as the total energy consumption (without double counting) in Joules by Gazprom Group are not provided because no centralized records are kept.
[4] Consolidated data for Gazprom Group is not provided because no centralized records are kept.
[5] Information on use of produced (formation) water is not provided because no centralized records are kept.

Indicator	Indicator description	Disclosure	Page
GRI 305-2 RUIE – 2.5 SDG 3, 11, 12, 13	Energy indirect (Scope 2) GHG emissions	Section 4. Life in a Favourable Environment / *Direct and Indirect Greenhouse Gas Emissions Volume*	129
GRI 305-5 SDG 11, 12, 13	Reduction of GHG emissions	Section 4. Life in a Favourable Environment / *Direct and Indirect Greenhouse Gas Emissions Volume*	129
GRI 305-6 SDG 3, 11, 12, 13	Emissions of ozone-depleting substances (ODS)	Section 4. Life in a Favourable Environment / *Direct and Indirect Greenhouse Gas Emissions Volume*	129
GRI 305-7 RUIE – 2.6. SDG 3, 11, 12, 13	Nitrogen oxides (NO_x), sulphur oxides (SO_x), and other significant air emissions	Section 4. Life in a Favourable Environment / *Air: Pollutant Emissions* See p. 22–24, Impact to the Atmosphere section of PJSC Gazprom 2018 Environmental Report https://www.gazprom.com/f/posts/67/776998/gazprom-environmental-report-2018-en.pdf.	126
		GRI 306: Effluents and waste (2016)	
GRI 306-1 RUIE – 2.7 RUIE – 2.7.2. SDG 3, 6, 11, 12, 14, 15	Water discharge by quality and destination	Section 4. Life in a Favourable Environment / *Water: Pollution Prevention and Sustainable Use* Appendix 5. For the Section *"Life in a Favourable Environment"*	119 184
GRI 306-2 RUIE – 2.8 SDG 3, 6, 11, 12, 14, 15	Waste by type and disposal method	Section 4. Life in a Favourable Environment / *Waste: Reduction of Burial and Disposal Amounts* Appendix 5. For the Section *"Life in a Favourable Environment"*	124 184–185
GRI 306-3 RUIE – 2.9. SDG 3, 6, 11, 12, 14, 15	Significant spills	Section 4. Life in a Favourable Environment / *Emergency Oil Spill Prevention*	122
GRI 306-5 SDG 6, 11, 12, 14, 15	Water bodies affected by water discharges and/or runoff	Section 4. Life in a Favourable Environment / *Water: Pollution Prevention and Sustainable Use*	119
GRI OG6 SDG 3, 6, 11, 12, 14	Volume of flared and vented hydrocarbon	Section 4. Life in a Favourable Environment / *Associated Petroleum Gas Flaring Reduction* Appendix 5. For the Section *"Life in a Favourable Environment"* See p. 29–30, Utilization of Associated Petroleum Gas section of PJSC Gazprom 2018 Environmental Report https://www.gazprom.com/f/posts/67/776998/gazprom-environmental-report-2018-en.pdf.	130 191
GRI OG7 SDG 3, 6, 11, 12	Amount of drilling waste (drill mud and cuttings) and strategies for treatment and disposal	Section 4. Life in a Favourable Environment / *Waste: Reduction of Burial and Disposal Amounts*	125
		GRI 307: Environmental compliance (2016)	
GRI 307-1 RUIE – 2.10. SDG 11, 12, 14, 15	Non-compliance with environmental laws and regulations	Section 4. Life in a Favourable Environment / *Gazprom Group's Spending on Environmental Protection*	117

Indicator	Indicator description	Disclosure	Page
		GRI 401: Employment (2016)	
GRI 401-2 **SDG 8**	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Section 2. Focus on the Person. People at Gazprom / *Gazprom Group's Social Policy* The social programs mentioned in the Report cover all employees on the company's roster, irrespective of their form of employment.	79
		GRI 402: Labour/management relations (2016)	
GRI 402-1 **SDG 8**	Minimum notice period regarding operational changes	The notice period for significant changes in labour conditions is at least 2 months. The notice provisions are included in the General Collective Agreement.	–
		GRI 403: Occupational health and safety (2016)	
GRI 403-1 **SDG 8**	Workers representation in formal joint management–worker health and safety committees	Section 2. Focus on the Person. People at Gazprom / *Process Safety*	86–87
GRI 403-2[6] **RUIE – 3.1.5., 3.1.6., 3.1.7., 3.1.8.** **SDG 3, 8**	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Section 2. Focus on the Person. People at Gazprom / *Process Safety* Appendix 4. For the Sections *"Focus on the Person. People at Gazprom"* and *"Focus on the Person. People Next to Us"*	87, 91 179–182
GRI 403-3 **SDG 3, 8**	Workers with high incidence or high risk of diseases related to their occupation	Section 2. Focus on the Person. People at Gazprom / *Process Safety*	88–89
GRI 403-4 **SDG 8**	Health and safety topics covered in formal agreements with trade unions	Section 2. Focus on the Person. People at Gazprom / *Process Safety*	86
GRI OG13 **SDG 3, 8**	Number of process safety events, by business activity	Appendix 4. For the Sections *"Focus on the Person. People at Gazprom"* and *"Focus on the Person. People Next to Us"*	183
		GRI 404: Training and education (2016)	
GRI 404-1[7] **RUIE – 3.1.10.** **SDG 4, 8**	Average hours of training per year per employee	Section 2. Focus on the Person. People at Gazprom / *Employee Training and Development*	81
GRI 404-2 **SDG 4, 8**	Programs for upgrading employee skills and transition assistance programs	Section 2. Focus on the Person. People at Gazprom / *Employee Training and Development*	80
		GRI 405: Diversity and equal opportunity (2016)	
GRI 405-1 **RUIE – 3.1.12.** **SDG 5, 8, 10**	Diversity of governance bodies and employees	Appendix 4. For the Sections *"Focus on the Person. People at Gazprom"* and *"Focus on the Person. People Next to Us"*	174
		GRI 406: Non-discrimination (2016)	
GRI 406-1 **RUIE – 3.2.2.** **SDG 5, 8, 10**	Incidents of discrimination and corrective actions taken	The Group did not detect any cases of discrimination in the reporting period.	–
		GRI 407: Freedom of association and collective bargaining (2016)	
GRI 407-1 **SDG 8, 10**	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	The Group did not detect any violations of human rights of freedom of association and collective bargaining in the reporting period.	–
		GRI 411: Rights of indigenous peoples (2016)	
GRI 411-1 **RUIE – 3.2.3.** **SDG 10**	Incidents of violations involving rights of indigenous peoples	The Group did not detect any violations of rights of indigenous peoples in the reporting period.	–

[6] No breakdown of the ratios by gender and by regions is provided, as the number of hours worked is not recorded by gender and by regions.
[7] No gender breakdown is provided because no centralized records are kept.

Indicator	Indicator description	Disclosure	Page
GRI OG9 SDG 1, 2, 3, 4, 8, 10, 11	Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place	Section 3. Focus on the Person. People Next to Us / *Dialogue with Local Communities*	97–100
		GRI 413: Local communities (2016)	
GRI 413-1[8] **RUIE – 3.3.3. SDG 1, 3, 4, 8, 10, 11**	Operations with local community engagement, impact assessments, and development programs	Section 3. Focus on the Person. People Next to Us / *Partnership with the Regions* Section 3. Focus on the Person. People Next to Us / *Sports for Children*	95 104–105
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	No significant actual or potential negative impact on local communities was detected in the reporting period.	–
GRI OG10 RUIE – 3.2.3. SDG 10	Number and description of significant disputes with local communities and indigenous peoples	No significant disputes with local communities and indigenous peoples were recorded in the reporting period.	–
		GRI 415: Public policy (2016)	
GRI 415-1	Political contributions	In accordance with the Code of Corporate Ethics, Gazprom does not make payments to the benefit of political parties, organizations or their representatives, and does not take part in political activities.	–
		GRI 419: Socioeconomic compliance (2016)	
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	During the reporting period there were no material fines or non-financial sanctions in the social area.	–

[8] The percentage of operations where the communities relations programs are implemented is not provided because no centralized records are kept.

APPENDIX 2.

FOR THE SECTION "ABOUT GAZPROM GROUP"

GRI 102-4 GRI 102-6

Geography of operations[1]

Countries		Operations										Marketing						
		Hydrocarbons prospecting and exploration	Gas and gas condensate production	Oil production	Gas transportation	Gas underground storage	Gas distribution	Gas processing	Oil refining	Production of electricity and heat	Oil and gas chemical production	Trunk pipeline gas sales	Sales of refined hydrocarbon products	Oil and gas condensate sales	LNG sales	Gas sales to end consumers	Electricity and heat sales	Product sales through gasoline, CNG filling, gas filling and multi-fuel filling stations
FSU	Russia	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
	Azerbaijan	–	–	–	–	–	–	–	–	–	–	■	■	■	–	–	–	–
	Armenia	–	–	–	■	■	■	–	–	■	–	■	■	–	–	■	■	■
	Belarus	–	–	–	■	■	–	–	■	–	–	■	■	■	–	■	–	■
	Georgia	–	–	–	–	–	–	–	–	–	–	■	■	–	–	–	–	–
	Kazakhstan	■	–	–	–	–	–	–	–	–	■	■	■	■	■	–	–	■
	Kyrgyzstan	–	–	–	■	–	■	–	–	–	–	■	■	–	–	■	–	■
	Latvia	–	–	–	–	■	–	–	–	–	–	■	■	–	■	–	–	–
	Lithuania	–	–	–	–	–	–	–	–	–	–	■	■	–	■	–	–	–
	Moldova	–	–	–	–	–	–	–	–	–	–	■	■	–	–	–	–	–
	Tajikistan	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	■
	Turkmenistan	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Uzbekistan	■	■	–	–	–	–	–	–	–	–	–	■	■	–	–	–	–
	Ukraine	–	–	–	–	–	–	–	–	–	–	■	■	–	–	–	–	–
	Estonia	–	–	–	–	–	–	–	–	–	–	■	■	■	■	–	–	–
	South Ossetia	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–	–
Europe	Austria	–	–	–	–	■	–	–	–	–	–	■	■	–	–	■	–	–
	Albany	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Belgium	–	–	–	–	–	–	–	–	–	–	■	■	■	–	■	–	–
	Bulgaria	–	–	–	–	–	–	–	–	–	–	■	■	–	–	–	–	■
	Bosnia and Herzegovina	■	–	–	–	–	–	–	–	–	–	■	■	–	–	–	■	■
	United Kingdom	■	■	–	–	–	–	–	–	–	–	■	■	■	–	■	■	–
	Hungary	–	–	–	–	–	–	–	–	–	–	■	■	–	–	■	–	–
	Germany	–	–	–	–	■	–	–	–	–	–	■	■	■	–	■	■	■
	Greece	–	–	–	–	–	–	–	–	–	–	■	■	■	–	–	–	–
	Denmark	–	–	■	–	–	–	–	–	–	–	■	■	■	–	–	–	–
	Ireland	–	–	–	–	–	–	–	–	–	–	–	■	–	–	■	–	–
	Iceland	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Spain	–	–	–	–	–	–	–	–	–	–	–	■	■	■	–	–	–
	Italy	–	–	–	–	–	–	–	–	–	■	■	■	■	–	–	–	–
	Cyprus	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Liechtenstein	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Luxembourg	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–

[1] See PJSC Gazprom Annual Report as of 2018.

Countries		Operations										Marketing						
		Hydrocarbons prospecting and exploration	Gas and gas condensate production	Oil production	Gas transportation	Gas underground storage	Gas distribution	Gas processing	Oil refining	Production of electricity and heat	Oil and gas chemical production	Trunk pipeline gas sales	Sales of refined hydrocarbon products	Oil and gas condensate sales	LNG sales	Gas sales to end consumers	Electricity and heat sales	Product sales through gasoline; CNG filling; gas filling and multi-fuel filling stations
Europe	Macedonia	–	–	–	–	–	–	–	–	–	–	■	■	–	–	■	–	–
	Malta	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Netherlands	■	■	–	–	–	–	–	–	–	–	■	■	■	–	■	■	–
	Norway	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	■	–
	Poland	–	–	–	–	–	–	–	–	–	–	■	■	–	■	–	–	■
	Portugal	–	–	–	–	–	–	–	–	–	–	–	■	■	–	–	–	–
	Romania	■	–	–	–	–	■	–	–	–	–	■	■	■	–	■	■	■
	Serbia	■	■	■	–	■	–	–	■	■	–	■	■	■	–	■	■	■
	Slovakia	–	–	–	–	–	–	–	–	–	–	■	■	–	–	■	–	–
	Slovenia	–	–	–	–	–	–	–	–	–	–	■	■	–	–	–	■	–
	Turkey	–	–	–	–	–	–	–	–	–	–	■	■	–	–	–	–	–
	Finland	–	–	–	–	–	–	–	–	–	–	■	■	■	■	–	■	–
	France	–	–	–	–	–	–	–	–	–	–	■	■	■	–	■	–	–
	Croatia	–	–	–	–	–	–	–	–	–	–	■	■	■	–	–	–	–
	Montenegro	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Czech Republic	–	–	–	–	■	–	–	–	–	–	■	■	–	■	■	–	■
	Switzerland	–	–	–	–	–	–	–	–	–	–	■	■	–	–	–	–	–
	Sweden	–	–	–	–	–	–	–	–	–	–	–	■	■	–	–	–	–
Africa	Algeria	■	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Angola	–	–	■	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Benin	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Gambia	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Ghana	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Guinea	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Guinea-Bissau	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Djibouti	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	DRC	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Egypt	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Cameroon	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Côte d'Ivoire	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Liberia	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Libya	■	■	■	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Mauritius	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Mauritania	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Morocco	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Mozambique	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Nigeria	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Seychelles	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–

Countries		Operations										Marketing						
		Hydrocarbons prospecting and exploration	Gas and gas condensate production	Oil production	Gas transportation	Gas underground storage	Gas distribution	Gas processing	Oil refining	Production of electricity and heat	Oil and gas chemical production	Trunk pipeline gas sales	Sales of refined hydrocarbon products	Oil and gas condensate sales	LNG sales	Gas sales to end consumers	Electricity and heat sales	Product sales through gasoline, CNG filling, gas filling and multi-fuel filling stations
Africa	Senegal	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Sierra Leone	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Tanzania	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Togo	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Tunisia	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Uganda	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Equatorial Guinea	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Ethiopia	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	South Africa	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
Near and Middle East	Afghanistan	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Israel	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Jordan	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Iraq	■	■	■	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Yemen	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Qatar	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Kuwait	–	–	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–
	Lebanon	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	UAE	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Oman	–	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–
	Pakistan	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Saudi Arabia	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
Asia-Pacific	Australia	–	–	–	–	–	–	–	–	–	–	–	■	■	–	–	–	–
	Bangladesh	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Vietnam	■	■	–	–	–	–	–	–	–	–	■	■	■	–	–	–	–
	India	–	–	–	–	–	–	–	–	–	–	–	■	■	■	–	–	–
	Indonesia	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Cambodia	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	China	–	–	–	–	–	–	–	–	–	–	–	■	■	■	–	–	–
	Malaysia	–	–	–	–	–	–	–	–	–	–	–	■	■	–	–	–	–
	Marshall Islands	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Myanmar	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Republic of Korea	–	–	–	–	–	–	–	–	–	–	–	■	■	■	–	–	–
	Singapore	–	–	–	–	–	–	–	–	–	–	–	■	■	–	–	–	–
	Thailand	–	–	–	–	–	–	–	–	–	–	–	■	■	–	–	–	–
	Taiwan (China)	–	–	–	–	–	–	–	–	–	–	–	■	■	■	–	–	–
	Philippines	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Sri Lanka	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Japan	–	–	–	–	–	–	–	–	–	–	–	■	■	■	–	–	–

Countries		Operations										Marketing						
		Hydrocarbons prospecting and exploration	Gas and gas condensate production	Oil production	Gas transportation	Gas underground storage	Gas distribution	Gas processing	Oil refining	Production of electricity and heat	Oil and gas chemical production	Trunk pipeline gas sales	Sales of refined hydrocarbon products	Oil and gas condensate sales	LNG sales	Gas sales to end consumers	Electricity and heat sales	Product sales through gasoline; CNG filling; gas filling and multi-fuel filling stations
North America	Canada	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Mexico	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	United States	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
Central and South America	Argentina	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Bolivia	■	■	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Brazil	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Guyana	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Guatemala	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Honduras	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Colombia	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Costa Rica	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Nicaragua	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Panama	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Paraguay	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Peru	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	El Salvador	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Uruguay	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Chile	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Ecuador	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
Other countries	Bahamas	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Dominica	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Dominican Republic	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Maldives	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Mongolia	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Saint Vincent and the Grenadines	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–
	Jamaica	–	–	–	–	–	–	–	–	–	–	–	■	–	–	–	–	–

PJSC Gazprom's shareholding structure, %

Shareholder	As of December 31, 2017	As of December 31, 2018
The Russian Federation represented by the Federal Agency for State Property Management	38.37	38.37
JSC ROSNEFTEGAZ[1]	10.97	10.97
JSC Rosgazifikatsiya[1]	0.89	0.89
ADR holders[2]	25.20	24.13
Other registered persons	24.57	25.64

[1] As of December 31, 2017, and December 31, 2018, the cumulative stake in PJSC Gazprom directly or indirectly controlled by the Russian Federation equals 50.23% and is secured by a 100% stake of the Russian Federation in JSC Rosneftegaz, which also holds a 74.55% stake in JSC Rosgazifikatsiya.
[2] The issuing bank of ADRs for PJSC Gazprom stock is the Bank of New York Mellon.

GRI 102-12 GRI 102-26

Key corporate documents governing the Company's activities as related to sustainability

Sustainable development area	Key corporate documents
Economic performance	Corporate Governance Code of PJSC Gazprom Anti-Corruption Policy of PJSC Gazprom Risk Management and Internal Control Policy of PJSC Gazprom Long-Term Development Program of PJSC Gazprom Innovative Development Program of PJSC Gazprom until 2025 Regulation on Procurement of Goods, Works and Services by PJSC Gazprom and Gazprom Group Companies Quality Management Policy of PJSC Gazprom
Well-being of people	Code of Corporate Ethics of PJSC Gazprom HR Management Policy of PJSC Gazprom, Its Subsidiaries and Entities Comprehensive Program for Improvement of HR Management at PJSC Gazprom, Its Subsidiaries and Entities in 2016–2020 General Collective Labour Agreement of PJSC Gazprom and Its Subsidiaries for 2016–2018 PJSC Gazprom's Process Safety Management System Development Strategy until 2020 PJSC Gazprom's Occupational, Industrial and Fire Safety Policy Regional Policy Concept of OJSC Gazprom
Environmental protection	Environmental Policy of PJSC Gazprom Energy Efficiency and Energy Saving Policy of PJSC Gazprom Energy Saving and Energy Safety Improvement Program of PJSC Gazprom for 2017–2019

VALUES, PRINCIPLES, STANDARDS AND NORMS OF CORPORATE ETHICS

GRI 102-16

The values, principles, standards and norms of behaviour at PJSC Gazprom are governed by the *Corporate Governance Code of PJSC Gazprom*, the *Code of Corporate Ethics of PJSC Gazprom* and the *Anti-Corruption Policy of PJSC Gazprom*.

- *Corporate Governance Code of PJSC Gazprom* (the current version approved by the resolution of the annual General Shareholders Meeting in 2017) ensures effective protection of the shareholders' rights and interests;
- *Code of Corporate Ethics of PJSC Gazprom* (approved by the resolution of the Board of Directors in 2014 and amended in 2018) governs the norms of business ethics for employees of the Company and the legal entities controlled by the Company;
- *Anti-Corruption Policy of PJSC Gazprom* (approved by the resolution of the Board of Directors in 2016) defines the measures for corruption prevention and countering for the sake of the civil society, PJSC Gazprom's shareholders and its employees.

The *Corporate Governance Code of PJSC Gazprom*, the *Code of Corporate Ethics of PJSC Gazprom* and the *Anti-Corruption Policy of PJSC Gazprom* are available in Russian and in English at the official web site of the Company.

For more information on those documents see[61]*:*

GRI 102-25

The *Code of Corporate Ethics of PJSC Gazprom* sets forth the important rules of business behaviour preventing conflicts of interest and corruption. They stipulate restrictions for work of the relatives at competing companies, participation of the relatives in competing companies and elected government bodies, restrictions on accepting presents, etc. The *Code* defines the procedure to be followed by the employees in case of a conflict of interest, formalizes the potential penalties in case of a breach of its provisions: public warning, public censure, forfeit of the bonus (in accordance with the by-laws), disciplinary sanctions (if there are indications of a disciplinary offense).

Proceeding from the provisions of the *Code*, not amending, but being able to supplement those provisions, the legal entities controlled by PJSC Gazprom shall develop and approve their own codes of ethics applicable to the employees of those legal entities.

In 2018, the *Code of Corporate Ethics of PJSC Gazprom* was amended: the provision on regular checks of the employees' knowledge of corporate ethics was enacted. To this end, the electronic training course *Corporate Ethics at PJSC Gazprom* was developed based on the *Code* provisions. In 2019, distance learning was arranged for PJSC Gazprom's employees with the final knowledge testing.

The permanent Corporate Ethics Commission is entrusted with arranging the activities aimed at ensuring compliance with the *Code* requirements and provisions. Every year, the Commission ensures that PJSC Gazprom's management makes written commitments to comply with the *Code* provisions. In 2018, PJSC Gazprom's management team, including the members of the Management Committee of PJSC Gazprom and the members of the Board of Directors of PJSC Gazprom, who are employees of PJSC Gazprom, signed and submitted to the Commission for safekeeping written commitments to comply with the *Code*.

The information on the Commission's activities is communicated annually to the Chairman of the Management Committee of PJSC Gazprom. The Chairman of the Management Committee may pass the resolution to apply the sanctions stipulated in the *Code* on his own initiative, or as proposed by the Commission or the immediate supervisor of the employee breaching the *Code of Corporate Ethics of PJSC Gazprom*.

GRI 102-17 GRI 102-25

For clarification of the provisions of the *Code of Corporate Ethics of PJSC Gazprom*, as well as its application (including information on the breach of the *Code* provisions), the employees may contact:

- the Corporate Ethics Commission;
- their immediate supervisors.

The Commission reviews the messages as they are received in accordance with the requirements of the effective legislation of the Russian Federation. In certain cases, the messages received are referred to the subsidiary to be considered on their merits by the local Corporate Ethics Commissions and the results of such consideration shall be communicated to the members of the Commission.

The Commission may be contacted by e-mail at ethics.comission@adm.gazprom.ru, by Hot Line phone +7 (495) 719-11-71 or by letter sent directly to the Chairman of the Corporate Ethics Commission of PJSC Gazprom.

[61] https://www.gazprom.com/investors/documents/

In 2018, the Commission received several messages from individuals, including two messages from the subsidiary employees. All messages received by the Commission were considered. During the reporting period, the Commission received no messages from legal entities.

In case of a conflict of interest, employees shall contact their immediate supervisors. Should the immediate supervisor fail to take steps in order to prevent or resolve a conflict of interest, or should the steps taken fail to resolve the conflict of interest, such employee shall notify the Commission accordingly.

GRI 205-1

The fundamental document related to corruption prevention and combating is the *Anti-Corruption Policy of PJSC Gazprom*. The document reflects commitment on the part of the Company's leadership and employees to complying with the ethical standards of legal, open and honest business, improving the corporate culture, adhering to the best corporate governance practices and maintaining a good business reputation.

Pursuant to the *Anti-Corruption Policy*, PJSC Gazprom implements a set of comprehensive activities aimed at preventing and countering corruption, risks are identified and assessed, and areas where corruption risks are inherent are monitored.

The most significant corruption risks identified in course of risks assessment are:

- Corruption risks in the course of procurement;
- Corruption risks in the course of contracting.

GRI 205-2

All stakeholders, in particular the Company's employees, members of the governance bodies, business partners, suppliers and contractors may consult the *Anti-Corruption Policy of PJSC Gazprom* at the official web site of the Company.

In 2018, PJSC Gazprom approved the *Anti-Corruption Plan for 2018–2020*. The electronic version of the Plan is available at the information portal of PJSC Gazprom's Corporate Protection Service and is freely accessible to the heads of PJSC Gazprom's organizational units, subsidiaries and entities so that they could perform and develop their own anti-corruption measures based on their specificities.

The key anti-corruption activities include:

- Monitoring the employees' compliance with the legislation of the Russian Federation and the regulations on preventing and countering corruption;
- Training employees on preventing and countering corruption, as well as enhancing the skills of employees whose job responsibilities include participation in countering corruption;
- Legal due diligence of the draft regulations and other documents taking into account the relevant compliance practices as related to preventing and countering corruption;
- Prompt response to and resolution of potential conflicts of interest;
- Ensuring transparency of procurement activities;
- Setting up and ensuring efficient operation of the internal control system.

GRI 102-17

One of the tools to counter corruption is the Gazprom Group's Hotline for fighting fraud, corruption, and embezzlement that has been in operation since 2014. Separate Hot Lines are operated at PJSC Gazprom and several of its core subsidiaries. Any stakeholder may provide information on corrupt practices such person is aware of and the activities of the employees giving rise to his/ her concern.

The initial information provided to the Hot Line is received by the Hot Line support team in a 24/7 mode by phone, e-mail, mail and fax, and through stationary Hot Line boxes installed at the office buildings of the Company.

The Hot Line contacts are available at PJSC Gazprom's official web site https://www.gazprom.com/investors/corporate-governance/anti-corruption/ and at the official web sites of the subsidiaries.

In 2018, the Hot Line received 211 messages containing information on potential fraud committed by third parties and complaints regarding the gas sales to population. All messages were received, and appropriate decisions were passed regarding them.

GRI 102-15

PJSC Gazprom's Approach to Sustainability Risks Management

Risk	Description	Risk Management / Mitigation
	Economic risks	
Risks related to the global economy development	Adverse economic conditions, deceleration of energy demand growth rates.	Seeking to boost revenue from energy sales, PJSC Gazprom diversifies markets and sales channels, and expands the scope of natural gas applications.
Sanction-related risks	Since 2014, Russia has been under sanctions imposed by the EU, the U.S. and other countries. There is a high probability that the restrictions will be expanded and will remain in effect for a long time.	PJSC Gazprom pursues the policy of technological self-sufficiency and import substitution to reduce the Company's exposure to economic restrictions imposed on or enacted against Russia.
Natural gas transit risks	Natural gas transit through the territory of a third country is subject to the risk of default on transit obligations, entailing the risk of the Gazprom Group failing to properly perform its obligations under gas supply contracts.	In order to reduce dependence on transit countries, the Company is taking steps to diversify export routes, to broaden access to underground gas storage (UGS) facilities outside Russia, and to develop LNG trade.
Government regulation risks	There remains the risk of changes in currency regulations and tax laws in the Russian Federation and other countries of the Gazprom Group's operations. New requirements may be imposed by customs authorities, resulting from changes in rules of customs control and export duty payment procedures.	The Company interacts on a regular basis with government authorities on improvements of the pricing and tariff policy, corporate taxation and customs law. Amendments to tax and currency legislation are monitored systematically, and strict compliance is ensured. PJSC Gazprom interacts with government authorities for the purpose of timely adjustment of its operations in compliance with legislative amendments in the Russian Federation and abroad.
Financial risks	PJSC Gazprom's operating results are exposed to significant exchange rate volatility along with the multicurrency structure of its revenues and expenditures. Delayed or incomplete performance of contractual obligations by banks and financial institutions is always a possibility.	To minimize losses due to exchange rate volatility, the Company applies hedging strategies to address the risk of market-driven shifts in exchange and interest rates. Transactions with credit institutions stay within credit risk limits, which are reviewed regularly, in particular with regard to the credit rating calculated by PJSC Gazprom and the Gazprom Group entities. Performance of contract obligations is monitored. PJSC Gazprom achieves financial stability by optimizing its debt burden.
Credit risks	Late or incomplete discharge of the contractual obligations by the counterparties.	PJSC Gazprom and its subsidiaries assess and monitor creditworthiness of the counterparties assigning them internal credit ratings. The results are taken into account while determining the payment terms under the contracts.
Market risk	Possible oil price and mercantile exchange gas price decline and/or stagnation at low levels give rise to risks that, if materialized, could result in revenue loss.	The risk is managed by adjusting contract terms or entering into new contracts with terms and conditions corresponding to the current market environment, defining permitted transaction types and financial instruments, as well as counterparties qualified for such transactions.

Risk	Description	Risk Management / Mitigation
Risks of tariff (pricing) regulation by natural monopolies	Risks associated with state regulation of the wholesale prices for gas produced by PJSC Gazprom and its affiliates and sold at the domestic market, as well as the tariffs for gas transportation services using gas trunklines, affecting PJSC Gazprom's operations and discharge of its obligations. Manifestation of that risk could result in a failure to receive the planned revenue from gas sales and gas transportation services at the domestic market.	The Company maintains relations with the federal executive authorities in order to justify and defend the regulated gas prices and the tariffs for gas transportation services. In order to mitigate the said risks, PJSC Gazprom continues active relations with the federal executive authorities as related to improvement of gas pricing, including development of the justified pricing principles, which enable the Company to have sustainable economic conditions for supplying gas to the domestic market.
Production risks	Key business operations involving hydrocarbon production, transportation, processing and storage are associated with technological, technical, natural and climate risks, as well as the risk of inappropriate actions by employees or third parties.	The UGSS ensures overall reliability of gas supplies. Its operational stability is achieved through implementation of up-to-date and innovative diagnostic methods, on-schedule general repair and maintenance operations, modification and upgrading. Subsidiaries are provided with a property and liability insurance coverage, which encompasses physical property (including offshore facilities), interruption of business at gas processing plants (GPPs), and industrial construction, contractor's liability for repair and operation.
Risks associated with the development of unconventional gas production	Since the mid-2000s, increasingly large volumes of gas have been produced from unconventional sources, primarily U.S. shale formations. Extensive development of shale gas production in other regions could have an adverse impact upon demand for Russian pipeline gas supplied by PJSC Gazprom, in particular to the European and Chinese markets.	PJSC Gazprom monitors, on a regular basis, the progress of the shale gas sector and other unconventional hydrocarbons industries throughout the world. The results of that monitoring, including economics of unconventional gas and its competitive potential in the Company's existing and prospective markets, are regularly reviewed by PJSC Gazprom's Board of Directors.
	Environmental risks	
Risk of non-compliance with environmental legislation in the course of construction and operation of PJSC Gazprom's facilities	The main types of business operations involved in hydrocarbon production, transportation, processing and storage are associated with environmental pollution risk that has legal, financial and reputational implications.	The Company implements its Environmental Policy, as well as programs and activities aiming to reduce its environmental footprint; engages in environmental protection activities; obtains environmental risk insurance; adopts green technologies. The majority of subsidiaries have in place and continuously improve their respective environmental management systems (EMS) certified for conformity with ISO 14001:2015.
Environmental damage risk resulting from accidents / incidents associated with PJSC Gazprom's business operations	Accidental exposure resulting from PJSC Gazprom's business operations may have an adverse impact on stakeholder, investor and government relations and may entail administrative or criminal liability that involves payment of applicable indemnities for environmental damage.	PJSC Gazprom carries out the following activities: ■ Analysis of the potential adverse environmental impact and its implications resulting from the identified accidents and other emergencies at the Gazprom Group entities; ■ Presenting suggestions on activities for prevention, localization, impact mitigation and elimination of their consequences; ■ Approval of the corresponding documents; ■ Environmental damage assessment in case of accidents and other emergencies; ■ Development of the activities aimed at eliminating environmental damage.

Risk	Description	Risk Management / Mitigation
	Natural and climate-related risks	
Risks associated with climate change and greenhouse gas emissions	There are risks stemming from temperature changes, high sensitivity of frozen soil, and adverse weather causing deformation of buildings and structures, pipeline transportation systems and service lines.	Cutting GHG emissions is part of PJSC Gazprom's corporate strategy. The Company is executing an action plan aiming to minimize the adverse impact of climate change on the Company's operations. It takes steps to reduce (cease) flaring of associated petroleum gas, while also developing and implementing energy efficiency and energy saving programs.
Risks associated with climate conditions	Prevailing climate conditions in the Gazprom Group's key regions of operation affect its business performance in a significant way. A major part of the natural gas produced by Gazprom comes from Western Siberia, where production is difficult and relatively costly because of harsh climate.	The Company has designed and implemented effective operating procedures adapted to severe climatic conditions. Programs are underway to boost efficiency of production and transportation systems, as well as of the gas transmission network.
Risks associated with adverse impacts on natural ecosystems	Industry-specific operations give rise to the risks of land and water pollution, deterioration of soil and vegetation, and erosion. This may lead to degradation of natural ecosystems and loss of habitat for rare and endangered plant, animal and fungi species.	Gazprom is implementing a Biodiversity Preservation Program based on a list of plant and animal species pertaining to the sustainability of marine ecosystems within the Arctic zone of the Russian Federation. Coordinated activities are underway, including those related to the enhancement of reliability of pipeline systems, landscape stabilization, soil reclamation and vegetation rehabilitation.
	Social risks	
Occupational health and industrial safety risks	PJSC Gazprom's business operations are exposed to risks of adverse impacts on employees' health and safety. The risk factors may have a material adverse effect on PJSC Gazprom's financial condition, operating performance and reputation.	The Gazprom Group has implemented and operates the Integrated System of Process Safety Management. That system is part of the PJSC Gazprom integrated management system. It is designed to manage occupational health and industrial safety risks, achieve targets and fulfil obligations in the area of occupational health, industrial and fire safety.

GRI 102-30

Pursuant to the *Risk Management and Internal Control Policy of PJSC Gazprom* (approved by Resolution of the Board of Directors of PJSC Gazprom No. 3195 dated December 25, 2018) and as related to risks identification in the context of sustainable development, the Board of Directors of PJSC Gazprom:

- Approves the internal documents of PJSC Gazprom that set forth PJSC Gazprom's policy as related to risk management and internal control, including the principles and approaches to RMICS organization, operation and development;
- Sets maximum allowable and threshold risk levels for PJSC Gazprom and the Gazprom Group;
- Considers the matters pertaining to organization, operation and performance of the RMICS, including the results of the RMICS assessment and self-assessment and issues RMICS improvement recommendations, if necessary.

RMICS performance assessment and monitoring is carried out through self-assessment, internal assessments and external assessments in compliance with the procedures stipulated in the local regulations of PJSC Gazprom and the local regulations of the Gazprom Group entities developed on the basis thereof.

INTERNAL AUDIT

The Internal Audit helps achieve PJSC Gazprom's goals through a systematic and consistent approach to assessment and improvement of risk management, control and corporate governance processes.

In order to enhance the Internal Audit function and in accordance with the directive of the Government to the agents acting on behalf of the Russian Federation dated June 24, 2015, No. 3984п-П13, in 2015 the Company developed and approved the *Regulation on Internal Audit of PJSC Gazprom* (Resolution of the Board of Directors No. 2621 dated November 6, 2015).

The Regulation sets forth the goals, objectives, status, powers and responsibilities of the *Department that performs internal audit functions* at PJSC Gazprom, as well as the scope and the content of internal audit activities.

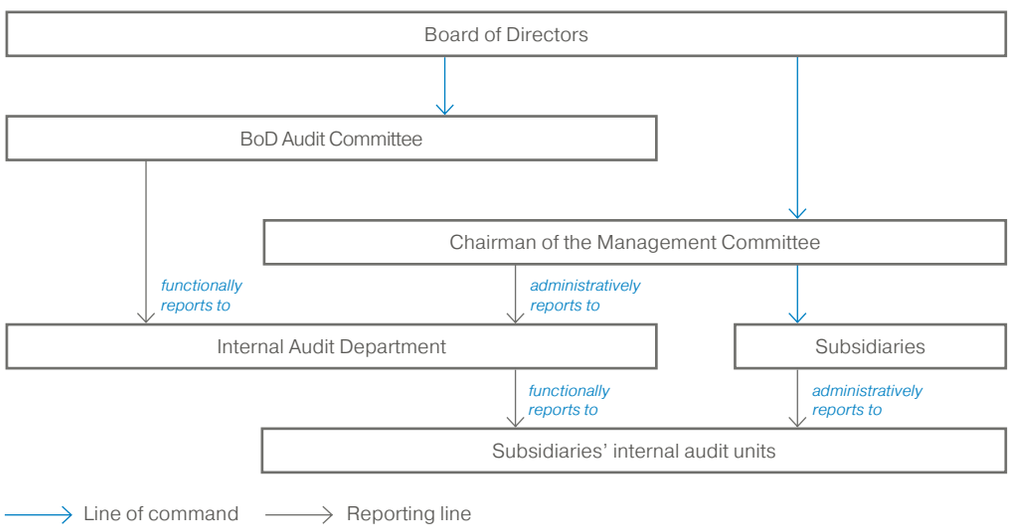
Pursuant to the *Regulation*, organization and execution of internal audit at the Company is entrusted to the organizational unit of PJSC Gazprom – the *Department*, and at PJSC Gazprom's subsidiaries and entities it is entrusted to the internal audit units of the subsidiaries and entities.

The key objective of the *Department* is to provide to the Board of Directors (via the Audit Committee of the Board of Directors) and the leadership of PJSC Gazprom independent and objective assurance and advice aimed at improving the Company's performance.

The Department is a part of the Management Committee Administration and reports administratively to the Chairman of the Management Committee of PJSC Gazprom and functionally to the Board of Directors (via the Audit Committee of the Board of Directors). The Head of the *Department* is appointed and relieved from office by the Chairman of the Management Committee of the Company pursuant to the recommendation of the Deputy Chairman of the Management Committee – the Head of the Management Committee Administration of PJSC Gazprom approved by the Board of Directors (via the Audit Committee of the Board of Directors).

The organizational structure of the *Department* shall be agreed with the Audit Committee of the Board of Directors and approved by the Chairman of the Management Committee. The *Department* consists of three Directorates.

PJSC Gazprom's Internal Audit Structure



The activities of the *Department* are governed by the *Regulation on Internal Audit of PJSC Gazprom*, the *Code of Professional Ethics of the Internal Auditor* (approved by Resolution of the Board of Directors No. 1956 dated March 14, 2012), the *Concept of Internal Audit System Development of OJSC Gazprom* (approved by the Audit Committee on June 25, 2015), the *Regulation on the Department* (approved by the Audit Committee and enacted by the Order of PJSC Gazprom No. 419 dated June 23, 2016, as amended on March 22, 2017, No. 163), the international framework of professional internal audit practices and the methodological guidelines of the Federal Agency for State Property Management on internal audit.

PJSC Gazprom's internal audit system is in compliance with the corporate governance principles set forth in the Russian *Code of Corporate Governance* (Guidelines 263-273).

The Department arranges and holds internal audits in compliance with the established procedure in the organizational units, subsidiaries and entities of PJSC Gazprom proceeding from the Russian and international best practices of internal audit. In 2018, the Department held the audits aimed at identifying the risks and assessing performance of the lines of business and business processes important for the Company as related to:

- Achieving the targets by the audited units;
- Efficiency and productivity of the activities;
- Safeguarding the assets;
- Compliance with contracts, laws and local regulations in the course of activities.

Proceeding from the outcomes of the audits, the *Department* develops and submits to PJSC Gazprom's leadership the suggestions on eliminating violations and shortcomings, as well as their root causes. Based on the suggestions of the *Department*, the Chairman of the Management Committee issues orders to the organizational units, subsidiaries and entities of PJSC Gazprom aimed at improving the Company's operations. Implementation of the orders is controlled by the *Department*.

In December 2015, an external assessment was carried out and an opinion was received on the compliance of PJSC Gazprom's Internal Audit function with the Definition of Internal Audit, the Code of Ethics and the International Internal Audit Standards.

The *Department* has developed and put into practice the *Internal Audit Quality Assurance and Improvement Program* covering all aspects of the internal audit. In 2018, the *Program* was updated.

Every year, the internal performance assessment (self-assessment) is carried out and its results are presented to the Audit Committee of the Board of Directors.

The *Department's* plan of internal audits for 2019 was approved by the Order of PJSC Gazprom.

The following internal audit matters were considered at the meetings of the Audit Committee of the Board of Directors in 2018:

- Report on the results of the *Department of PJSC Gazprom Management Committee Administration activities* in 2017;
- Amendments to the *Regulation on Internal Audit of PJSC Gazprom*;
- Amendments to the Action Plan of the *Department of PJSC Gazprom Management Committee Administration* in 2018;
- Draft Action Plan of the *Department of PJSC Gazprom Management Committee Administration* for 2019.

GRI 102-13

PJSC Gazprom's membership in international organizations

International organization	Form of participation
Global Gas Center (GGC)	Participates in governance bodies and activities of the committees

The Gazprom Group's companies are also members of the Russian Gas Society (RGS), the Union of Oil Exporters of Russia (UOER), the All-Russia Industrial Association of Energy Sector Employers, the Refining and Petrochemical Companies Association (RPCA), the European Association for the Streamlining of Energy Exchange (EASEE-gas), Association Technique de l'Industrie Européenne des Lubrifiants (ATIEL) and other associations.

GRI 102-9

SUPPLY CHAIN

For more details on PJSC Gazprom's supply chain see[62]:

[62] https://www.gazprom.com/f/posts/67/776998/gazprom-annual-report-2018-en.pdf

PROCUREMENT MANAGEMENT

The key documents governing the Gazprom Group's procurement activities are:

- Federal Law No. 223-FZ of July 18, 2011, On Procurement of Goods, Works and Services by Certain Types of Legal Entities;
- Regulation on Procurement of Goods, Works and Services by PJSC Gazprom and Gazprom Group Companies (hereinafter referred to as the *Regulation on Procurement*)[63].

For more details on the Regulation on Procurement see[64]:

The *Regulation on Procurement* sets forth the rules of procurement by PJSC Gazprom and the Gazprom Group companies. It is available in the Unified Information System in the area of public procurement (UIS)[65] and at the Company's web site.

For the purposes of implementing a common procurement policy throughout the Gazprom Group, in accordance with the principles set out in the *Regulation on Procurement*, the Gazprom Group has established the Central Procurement Management Body of the Gazprom Group (CPMB).

In order to perform procurement, the Gazprom Group uses the Automatic Electronic Procurement System of PJSC Gazprom (AEPS, www.zakupki.gazprom.ru) covering the whole procurement cycle, from requirements planning to contract execution and performance.

The Gazprom Group's electronic procurement is carried out through Electronic Trading Platform of GPB LLC (GPB ETP) ("Procurement of Gazprom Group Companies" section, https://etpgpb.ru/pao_gazprom/) integrated with the UIS and the AEPS.

Gazprom's procurement system is based upon the following principles: timely and complete coverage of the needs; ensuring safe operation of hazardous production facilities; information availability, equity, fairness, non-discrimination; targeted and efficient use of funds; facilitation of a competitive environment; balance between the costs and the expected economic benefits.

In the course of procurement, sourcing is carried out and potential suppliers are invited to participate in procurement. Public pre-qualification is arranged in order to establish the supplier network. That enables the potential suppliers who passed the pre-qualification procedure and were included in the Register of Potential Bidders of the Gazprom Group to receive invitations for participation in procurement. Proceeding from the pre-qualification results, 530 entities were included in the Register as of December 31, 2018, including 292 SMEs.

In 2018, electronic procurement exceeded 99% of the total competitive procurement volume of the Gazprom Group.

Number and value of contracts signed pursuant to the outcomes of competitive procurement in 2018

	Number of contracts	Value of the contracts signed, RUB billion
M&E procurement	**6,915**	**169.8**
Investment activities	567	88.0
Current business activities	6,348	81.8
Works, services	**11,436**	**414.3**
Investment activities	421	162.5
Current business activities	11,015	251.8
Total	**18,351**	**584.1**

Over 18,000 contracts were concluded based on the outcomes of competitive procurement for the total of RUB 584.1 billion with RUB 22.1 billion savings achieved.

[63] Regulation on Procurement of Goods, Works and Services by PJSC Gazprom and Gazprom Group Companies, as amended, approved by Resolution No. 3168, dated October 19, 2018, of the PJSC Gazprom Board of Directors, effective since November 2, 2018. Prior to November 1, 2018, the Regulation on Procurement approved by Resolution No. 1969, of April 19, 2012, of the PJSC Gazprom Board of Directors (as subsequently amended) was in force.
[64] https://www.gazprom.com/investors/corporate-governance/procurement-policy/
[65] www.zakupki.gov.ru (in Russian)

Cost reduction by the Gazprom Group companies due to concluding contracts based on the outcomes of competitive procurement (efficiency of competitive procurement)[1] in 2018, RUB billion

M&E procurement	**9.65**
incl. under the Investment Program	4.93
Works, services	**12.49**
incl. under the Investment Program	1.05
Total	**22.1**

[1] Difference between the initial (maximum) prices and the contractual prices less the conventional costs of procurement organization and implementation.

If necessary, Gazprom CPMB could pass a resolution on expediency of non-competitive procurement to be performed using the methods stipulated in the *Regulation on Procurement*.

PRODUCTS, WORKS AND SERVICES QUALITY MANAGEMENT

In order to ensure seamless and safe operation of the Group's facilities, reduce the number of incidents and mitigate the adverse environmental impact, it is important to set up the quality assurance mechanism for procured products and services.

The corporate Quality Management System (QMS) was implemented and certified at Gazprom. QMS is an integral part of the supply chain established at the Gazprom Group.

In order to facilitate further QMS improvement the key Gazprom corporate standards 9000-2018 *Quality Management System. Key Provisions and Glossary* and 9000-2018 *Management Systems. Quality Management Systems. Requirements* were updated in 2018.

PJSC Gazprom Quality Policy is effective at the Company. That document defines the mission and the strategic goals and reflects the key priority areas of quality-related activities.

For more details on PJSC Gazprom Quality Policy see[66]:

In order to evaluate compliance of the procured products with Gazprom's standards, the corporate acceptance of piping products is carried out by the special Commission consisting of the relevant specialists of Gazprom and its subsidiaries and the INTERGAZCERT voluntary certification system is used. It supplements the state system of mandatory certification effective in the Russian Federation as related to products' safety indicators. The Unified M&E Register is operated as the centralized source of information on equipment and materials permitted for use at the Group's facilities. The suppliers pass multi-level quality control of products supplied. The supplier assessment procedure includes, in particular, assessment of business reputation, technological capabilities, supplier products and QMS compliance with Gazprom's requirements.

More detailed information on the list of documents setting forth the requirements to goods at the Gazprom Group is available here[67]:

Gazprom declared 2018 the Year of Quality, during which 365 activities were implemented. The subsidiaries organized and held over 110 thematic conferences, workshops and forums. The Year of Quality events were covered extensively by the media: over 270 articles were published in the regional media and the corporate publications, 8 news items were shown on corporate TV, materials were published at the subsidiaries' web sites and official accounts in the social media.

In 2018, PJSC Gazprom monitored customer satisfaction with the quality of products and services as related to production, transportation and processing of gas, gas condensate, oil and petroleum products. The average Gazprom Group customer satisfaction index was 4.97 on a five-point scale.

QMS Development Plans

The Company aims to create an integrated QMS of PJSC Gazprom and its subsidiaries, which will improve the efficiency of the Gazprom Group's operations in general.

[66] https://www.gazprom.com/f/posts/35/773731/quality-policy-en.pdf
[67] http://www.gazprom.ru/tenders/requirements-for-goods/ (in Russian)

APPENDIX 3.

FOR THE SECTION "ENERGY FOR PEOPLE"

Indicators of the Gazprom Group's contribution to the economy of the Russian Federation, 2015–2018

Indicator	2015	2016	2017	2018
GDP of the Russian Federation, RUB billion	83,094	86,014	92,101	103,876
Gazprom's total value added, RUB billion	3,356	3,077	3,392	4,807
Gazprom's share in the GDP of the Russian Federation, %	4.0	3.6	3.7	4.6
Investments in fixed assets in the Russian Federation, RUB billion	13,897	14,749	16,027	17,595
Gazprom capital expenditures[1], RUB billion	1,641	1,369	1,406	1,639
Gazprom's capex in aggregate investments in fixed assets in the Russian Federation, %	11.8	9.3	8.8	9.3
Payments to budgets of the Russian Federation, all levels (taxes and other similar payments), incl.:	1,947	1,966	2,534	3,241
customs payments, RUB billion	694	618	664	932
MET, RUB billion	599	602	884	1,146
income tax, RUB billion	105	96	228	305
property tax, RUB billion	110	120	149	159
Nominal amount of dividend per share[2], RUB	7.2	7.89	8.04	8.04
Dividend per government's stake[3], RUB billion	86	94	96	96
Gazprom's total payments to budgets of the Russian Federation, all levels, RUB billion	2,032	2,060	2,630	3,337
Oil and gas revenues of the federal budget of the Russian Federation, RUB billion	5,863	4,844	5,972	9,018
Revenues of the consolidated budget of the Russian Federation, RUB billion	26,922	28,182	31,047	37,320
Gazprom's contribution to oil and gas revenue of the federal budget of the Russian Federation, RUB billion	1,293	1,220	1,548	2,078
Gazprom's share in oil and gas revenue of the federal budget of the Russian Federation, %	22.1	25.2	25.9	23.0
Gazprom's share in consolidated budget revenue of the Russian Federation, %	7.5	7.3	8.5	8.9

[1] According to the cash-flow report of the consolidated financial statements prepared in accordance with the IFRS.
[2] Amount of dividend per share paid on the basis of previous year's performance.
[3] PJSC Gazprom's dividends attributable to the government and legal entities controlled by the government.

GRI 201-1

Generated and distributed direct economic value, 2015–2018, RUB million

Indicator	2015	2016	2017	2018
Generated direct economic value				
Sales revenue	6,073,318	6,111,051	6,546,143	8,224,177
Net income (expenses) from trade operations with commodities at liquid European marketplaces	3,704	3,382	(16,352)	18,015
Financial income (interest income)	112,165	93,494	83,721	72,652
Percentage of net profit of associated companies and joint ventures	106,560	82,872	126,940	232,483
Total generated direct economic value	**6,295,747**	**6,290,799**	**6,740,452**	**8,547,327**
Distributed direct economic value				
Operating expenditure (excl. asset impairment reserves and other reserves, depreciation and exchange rate differences), incl.:	4,136,762	4,619,480	5,114,635	5,539,484
social expenses	32,485	35,516	34,461	42,789
payroll expenses	590,981	641,036	682,060	600,812
incl. expenses (income) related to estimated post-employment benefits	35,557	50,961	48,522	(78,937)
taxes, excl. income tax	805,132	900,397	1,246,059	1,498,278
other operating expenses	2,708,164	3,042,531	3,152,055	3,397,605
Financial expenses (interest expenses)	66,857	71,556	53,332	50,378
Expenses related to current income tax	102,223	218,113	241,817	278,233
Dividends paid to shareholders[1]	171,621	186,099	196,059	192,822
Total distributed direct economic value	**4,477,463**	**5,095,248**	**5,605,843**	**6,060,917**
Undistributed economic value	**1,818,284**	**1,195,551**	**1,134,609**	**2,486,410**

[1] The Declared Dividend Indicator from PJSC Gazprom's IFRS annual consolidated financial statements for the corresponding year.

Number of patents held by subsidiaries and affiliated companies, including patents generating economic benefits, 2015–2018

Indicator	2015	2016	2017	2018	Total patents on the books as of the end of 2018
Patents received by PJSC Gazprom, units	30	26	29	26	446
Patents received by subsidiaries and affiliated companies, units	175	179	202	283	2,109

Economic benefits from patent utilization, 2015–2018

Indicator	2015	2016	2017	2018
Production utilization of patents held by PJSC Gazprom's subsidiaries and affiliated companies, units	356	406	427	441
incl. patents generating economic benefits, units	130	127	114	157
Economic benefits generated from utilization of performing patents, RUB billion	6.1	7.1	8.0	10.3

Gazprom Group's SME procurement structure in 2018

Scope of procurement	Number of contracts, units	Share of the total number of contracts, %	Total contract prices (procurement volume), RUB million	Share of the total procurement volume from SMEs, %
M&E supply	15,534	43.52	99,216	42.84
Repair and maintenance	2,523	7.07	14,441	6.23
MIS development and maintenance	950	2.66	2,383	1.03
Environmental protection services	680	1.91	1,296	0.56
Overhauls	597	1.67	23,036	9.95
Legal and advisory services	556	1.56	347	0.15
Construction and installation works	467	1.31	27,098	11.70
Other works and services	14,386	40.30	63,774	27.54
Total	**35,693**	**100.00**	**231,591**	**100.00**

Estimated benefits of import substitution technologies implementation, 2016–2018

Groups of import substitution products (equipment, services, software)	Benefits, RUB million			Total benefits, RUB million	Share in the total benefits of the Gazprom Group, %
	2016	2017	2018		
Gas compressor equipment	138.4	319.0	152.0	609.4	2.9
GCU repair	3,318.9	3,998.4	4,457.7	11,775.0	56.8
Hydrocarbon production equipment	1,488.6	1,237.3	2,816.5	5,542.3	26.7
Pipe fittings	51.0	225.3	69.3	345.6	1.7
Pumping equipment	–	278.9	0.02	278.9	1.3
Metering equipment	11.3	84.1	47.8	143.3	0.7
Power generators	0.2	–	741.8	741.9	3.6
Chemicals	185.0	31.2	790.9	1,007.0	4.9
Other equipment	138.9	36.5	69.1	244.5	1.2
Other products	8.2	2.7	45.2	56.2	0.3
Gazprom Group's total	**5,340.5**	**6,213.3**	**9,190.3**	**20,744.0**	**100.0**

Exploration spending (excluding UGS), 2015–2018, RUB billion, VAT included

	2015	2016	2017	2018
PJSC Gazprom, incl.:	80.1	68.7	54.4	50.6
In the Russian Federation	66.0	58.3	52.9	50.0
Abroad	14.1	10.4	1.5	0.6
Subsidiaries, incl.:	16.6	13.2	11.2	11.8
In the Russian Federation	16.6	13.2	11.2	11.0
Abroad	0.0	0.0	0.0	0.8
Total	**96.7**	**81.9**	**65.6**	**62.4**
PJSC Gazprom Neft[1], incl.:	21.7	9.7	21.1	28.6
In the Russian Federation	19.5	7.4	18.5	25.3
Abroad	2.2	2.3	2.6	3.3
Gazprom Group's total	**118.4**	**91.6**	**86.7**	**91.0**

[1] Net of organizations, in which Gazprom has investments classified as joint operations.

Exploration drilling structure in the Russian Federation in 2018, %

Urals Federal District	53.6
Siberian Federal District	15.7
Far Eastern Federal District	3.4
Volga Federal District	22.6
Continental shelf	4.7

Gazprom Group's hydrocarbon exploration in the Russian Federation in 2018

Indicator	Total	Including:	
		in the Far East and Eastern Siberia	offshore
Exploration drilling, thousand m	157.6	20.8	7.5
Completely constructed exploratory wells, units	31	12	3
incl. producing ones	23	4	3
2D seismic tests, thousand linear km	5.7	–	5.1
3D seismic tests, thousand km^2	9.5	2.6	3.5
Funding of exploration (incl. VAT), RUB billion	86.3	17.6	37.7
Discovered fields	3	–	2
Discovered deposits	12	–	–

Hydrocarbon exploration in foreign countries, 2015–2018

Indicator	2015	2016	2017	2018
Exploration drilling, thousand m:				
Gas business	16.8	0.3	–	–
Oil business	11.5	9.4	18.4	21.9
Completely constructed exploratory wells, units:				
Gas business	2	4	–	–
Oil business	2	4	8	10
incl. producing ones:				
Gas business	1	3	–	–
Oil business	1	4	5	9
2D seismic tests, thousand linear km:				
Gas business	–	0.5	–	–
Oil business	–	1.0	–	–
3D seismic tests, thousand km^2:				
Gas business	0.3	0.04	–	–
Oil business	1.1	0.8	1.2	1.1
Funding of exploration (incl. VAT), RUB billion:				
Gas business	14.1	10.4	1.5	1.4
Oil business	2.2	2.3	2.6	3.3

Note. When building consolidated natural indicators for exploration conducted by the Gazprom Group in foreign countries, indicators under projects in which the Group's subsidiaries have operator functions were taken into account.

Gazprom Group's gas sales in Russia, 2015–2018

Indicator	2015	2016	2017	2018
Sales volume, bcm	221.2	214.9	229.9	239.7
Average sales price (net of VAT), RUB per 1,000 m^3	3,641.3	3,815.5	3,808.3	3,981.3
Net sales revenue (net of VAT), RUB billion	805.6	819.9	875.7	954.5

Gazprom Group's gas sales in the FSU countries, 2015–2018

Indicator	2015	2016	2017	2018
Sales volume, bcm	40.3	33.2	35.0	38.1
Average sales price (including customs duties)[(1)], USD per 1,000 m^3	194.2	153.6	158.4	162.6
Average sales price (including customs duties), RUB per 1,000 m^3	11,911.0	10,263.1	9,237.0	10,225.9
Net sales revenue (less customs duties), RUB billion	429.7	309.6	292.8	348.6

[(1)] Calculated on the basis of the average Russian Ruble to US Dollar exchange rate.

Gazprom Group's gas sales in foreign countries, 2015–2018

Indicator	2015	2016	2017	2018
Sales volume, bcm	184.4	228.3	242.0	243.3
Average sales price (including the excise duty and customs duties)[1], USD per 1,000 m^3	245.6	176.0	200.2	246.4
Average sales price (including the excise duty and customs duties), RUB per 1,000 m^3	15,057.3	11,763.3	11,670.5	15,499.5
Net sales revenue (less the excise duty and customs duties), RUB billion	2,165.5	2,140.0	2,221.2	2,951.2

[1] Calculated on the basis of the average Russian Ruble to US Dollar exchange rate.

Gas sales under Gazprom Export LLC contracts[1] in foreign countries, 2015–2018, bcm

Country	2015	2016	2017	2018
Western Europe	**130.052**	**146.222**	**155.965**	**162.392**
Austria	4.405	6.079	9.136	12.313
Germany	45.314	49.832	53.440	58.502
Italy	24.418	24.689	23.811	22.772
France	9.704	11.471	12.257	12.922
Switzerland	0.287	0.308	0.334	0.379
Netherlands	2.382	4.218	4.650	7.877
Finland	2.756	2.534	2.360	2.623
Turkey	27.015	24.755	29.034	23.964
Greece	1.982	2.676	2.927	3.291
UK	11.117	17.912	16.263	14.257
Denmark	0.672	1.748	1.752	1.723
Belgium	–	–	–	1.769
Central and Eastern Europe	**28.508**	**32.058**	**36.279**	**38.382**
Czechia	4.205	4.536	5.795	6.486
Slovakia	3.806	3.690	4.591	5.085
Poland	8.915	11.070	10.470	9.861
Bulgaria	3.112	3.179	3.327	3.172
Hungary	5.869	5.537	5.795	7.408
Romania	0.176	1.478	1.190	1.320
Serbia	1.678	1.749	2.119	2.145
Bosnia and Herzegovina	0.202	0.225	0.245	0.245
Croatia	–	–	2.077	2.040
Slovenia	0.483	0.520	0.607	0.458
Macedonia	0.062	0.074	0.063	0.162
Total	**158.560**	**178.279**	**192.244**	**200.774**

[1] According to the management reporting of Gazprom Export LLC, including volumes sold at gas auctions via the ETP and trading operations, but excluding the volumes sold under direct contracts of GAZPROM Schweiz AG. The indicators provided are rounded off and may differ from the estimated ones.

The share of the Gazprom Group's gas exports[1] in gas consumption of the main consuming countries in Western and Central Europe, 2015–2018, %

Country	2015	2016	2017	2018
Western Europe (including Turkey)				
Germany	53.5	53.6	55.3	65.6
Turkey	54.6	51.5	52.4	46.7
Italy	35.2	33.9	30.8	30.5
UK	14.5	20.5	19.1	16.5
France	22.2	23.8	25.4	28.1
Central Europe				
Poland	51.9	60.4	53.3	49.0
Hungary	63.2	54.9	53.6	71.4
Czechia	51.7	51.5	64.1	75.8
Slovakia	75.3	71.1	93.0	100.0
Bulgaria	96.1	94.2	95.9	97.2
Non-FSU countries[2], total	**31.3**	**32.9**	**33.8**	**36.6**

[1] PJSC Gazprom's international gas sales under Gazprom Export LLC contracts, including volumes sold within the framework of gas auctions, via the ETP and trading activities, excluding volumes sold under direct contracts of GAZPROM Schweiz AG.
[2] The indicator is calculated for all European countries, including Turkey and excluding former Soviet Union countries.
Sources: IEA, PJSC Gazprom

Gazprom Group's[1] share of foreign gas supply market, 2014–2018 (actual) and 2019–2025 (outlook), %

	Actual	Platts Analytics
2014	30.4	
2015	31.5	
2016	33.1	
2017	34.2	
2018	36.8	
2019		36.6
2020		36.2
2021		36.3
2022		36.5
2023		36.8
2024		36.9
2025		37.3

[1] PJSC Gazprom's international gas sales under Gazprom Export LLC contracts, including volumes sold within the framework of gas auctions, via the ETP and trading activities, and under direct contracts of GAZPROM Schweiz AG.
Sources: IEA, Gazprom Export LLC, Platts Analytics (previously — PIRA)

LNG sales in foreign countries, 2015–2018, trillion BTU

Country	2015	2016	2017	2018
Argentina	16.2	19.7	–	–
Egypt	3.4	3.4	–	–
India	18.7	22.7	9.9	36.1
Spain	–	–	6.5	2.9
China	6.6	3.4	29.4	29.2
Kuwait	3.3	3.3	16.9	20.1
Malaysia	–	–	–	–
Mexico		6.5	–	–
UAE	–	6.5	3.1	–
South Korea	26.5	3.3	13.2	26.4
Thailand	–	–	3.3	–
Taiwan (China)	9.9	26.0	19.8	19.3
Japan	78.1	78.5	56.9	29.7
Supplies, FOB	7.0	3.0	–	21.4
Total	**169.6**	**176.5**	**159.2**	**185.0**
including LNG sales from Sakhalin II project	**86.0**	**59.4**	**72.9**	**70.1**

Note. The table quotes original data in trillion BTU according to Gazprom Marketing & Trading Ltd.

NGV fuel sales in foreign countries, 2015–2018, mcm

Gazprom Group's subsidiary having filling stations on its books	Countries where filling stations are operated	Gas sales from filling stations, total across the Company			
		2015	2016	2017	2018
Gazprom NGV Europe GmbH	Germany	5.73	7.46	7.31	6.79
	Czechia[1]	0.95	1.10	1.09	2.00[2]
	Poland	1.88	2.91	2.43	1.99
NIS a.d. Novi Sad	Serbia	–	0.68	1.52	2.12

[1] Being on the books of GAZPROM NGV Europe GmbH (NGVE), those CNG filling stations were handed over to VEMEX under an operational lease agreement, and VEMEX, in turn, is accountable for sales of Russian natural gas as the CNG filling station operator.
[2] The specified total sales volumes include sales at CNG filling stations owned by Gazprom NGV Europe GmbH, but leased by VEMEX until June 2018.

Gazprom Group's sales of crude oil and gas condensate, 2015–2018, mmt

	2015	2016	2017	2018
Russia	5.3	5.9	4.3	2.7
incl. Gazprom Neft Group	3.9	4.4	2.8	1.2
Non-FSU countries	9.8	17.1	21.6	21.2
incl. Gazprom Neft Group	8.6	13.6	19.3	18.3
FSU countries	1.9	1.7	1.7	1.7
incl. Gazprom Neft Group	1.9	1.7	1.7	1.7
Total	**17.0**	**24.7**	**27.6**	**25.6**
incl. Gazprom Neft Group	**14.4**	**19.7**	**23.8**	**21.2**

Gazprom Group's oil and gas processing products[1] sales volumes, 2015–2018, mmt

	2015	2016	2017	2018
Russia	41.3	41.1	40.8	43.2
Non-FSU countries	23.8	22.6	20.9	21.3
FSU countries	4.3	4.2	4.3	4.4
Total	**69.4**	**68.0**	**66.0**	**68.9**

[1] Net of helium sales.

Gazprom Group's oil and gas processing and petrochemical products sales by types of products, mmt

Processing products	2015	2016	2017	2018
Automotive gasoline	13.65	14.92	13.39	15.53
Diesel fuel	15.49	15.85	15.89	17.25
Jet fuel	3.76	3.51	3.60	3.94
Heating oil	8.58	7.62	5.78	6.46
Lubricants	0.43	0.44	0.41	0.48
LPG	4.85	4.49	3.70	4.10
Sulphur	5.19	5.46	5.31	5.25
Mineral fertilizers	0.69	0.95	0.89	0.86
Polymers	0.16	0.14	0.11	0.11
Other oil and gas processing products and petrochemical products	16.62	14.57	16.88	14.88
Total	**69.42**	**67.95**	**65.96**	**68.86**

Gazprom Neft's petroleum products sales by regions, 2015–2018, mmt

	2015	2016	2017	2018
Sales in Russia	27.50	27.11	27.96	29.67
Export to non-FSU countries	11.81	10.77	9.54	10.00
Export to CIS countries	2.28	2.41	2.50	2.49
International sales	3.25	3.30	3.48	3.75
Total	**44.84**	**43.59**	**43.48**	**45.91**

Electric power exports, 2015–2018, billion kWh

Country	2015	2016	2017	2018
Finland: ■ from the buses of the Svetogorsk HPP (part of the cascade of the Vuoksa HPPs, Leningrad Region) via the 110 kV Imatra-1 line; ■ from the buses of the Kaitakoski HPP (part of the Paz cascade, Murmansk Region) via the 110 kV L-82 line. During the high-water period, peak electricity supply equals up to 70 MW	0.538	0.577	0.758	0.956
Norway: ■ from the buses of the Borisoglebsk HPP (part of the Paz cascade, Murmansk Region) via the 154 kV L-225 line. Peak electricity supply can be as high as 56 MW, but in the normal operating mode, power equals 28 MW; ■ via 0.4 kV electric transmission lines from the Borisoglebsk HPP-8 (Russia), HPP-6 Rayakoski (Russia), Norwegian border checkpoints	0.095	0.059	0.104	0.020
Total	**0,634**	**0,637**	**0,861**	**0,977**

APPENDIX 4.

FOR THE SECTIONS "FOCUS ON THE PERSON. PEOPLE AT GAZPROM" AND "FOCUS ON THE PERSON. PEOPLE NEXT TO US"

GRI 405-1

Gazprom Group's staff structure, 2015–2018

Indicator	2015	2016	2017	2018
Roster as of the end of the reporting period, thousand people	462.4	467.4	469.6	466.1
incl. the share of the Gazprom Group's employees by categories, %				
Executives	**13.71**	**13.89**	**13.88**	**14.16**
incl.: Male	0.77	0.76	0.76	0.75
Female	0.23	0.24	0.24	0.25
incl.: under 30 y. o.	0.07	0.06	0.06	0.05
30–50 y. o.	0.64	0.65	0.67	0.68
over 50 y. o.	0.29	0.29	0.27	0.27
Specialists and other white-collar staff	**31.52**	**31.61**	**31.81**	**32.45**
incl.: Male	0.58	0.59	0.57	0.58
Female	0.42	0.41	0.43	0.42
incl.: under 30 y. o.	0.20	0.18	0.16	0.14
30–50 y. o.	0.62	0.64	0.66	0.68
over 50 y. o.	0.18	0.18	0.18	0.18
Workers	**54.77**	**54.50**	**54.31**	**53.39**
incl.: Male	0.79	0.78	0.77	0.78
Female	0.21	0.22	0.23	0.22
incl.: under 30 y. o.	0.19	0.19	0.17	0.17
30–50 y. o.	0.52	0.53	0.55	0.56
over 50 y. o.	0.29	0.28	0.28	0.27

Gazprom Group's staff gender structure, 2017–2018, thousand persons

	2017	2018
Roster as of the end of the reporting period, including:	469.6	466.1
Male	331.9	330.1
Female	137.7	136.0

Hired employees by regions as of 2018, Gazprom Group, persons

Central Federal District	10,620
North-Western Federal District	9,584
Volga Federal District	17,827
Urals Federal District	19,028
Siberian Federal District	4,356
Southern Federal District	11,366
North Caucasian Federal District	1,556
Far Eastern Federal District	1,150
Russia's continental shelf	12
Total in Russia	**75,499**
Outside Russia	**3,530**
Total	**79,029**

Headcount of the quitters and staff turnover by regions as of 2018, persons

Regional breakdown	Headcount of the quitters and staff turnover		
Constituent entity of the Russian Federation	Quitters	incl. due to staff turnover, persons[1]	Staff turnover, %
Central Federal District	13,081	6,114	8.1
North-Western Federal District	7,614	3,268	5.9
Volga Federal District	18,293	3,973	4.5
Urals Federal District	20,099	5,127	4.1
Siberian Federal District	4,351	2,254	9.0
Southern Federal District	12,597	2,340	5.6
North Caucasian Federal District	1,643	440	3.6
Far Eastern Federal District	546	212	4.4
Russia's continental shelf	11	3	1.0
Total in Russia	**78,235**	**23,731**	**5.5**
Outside Russia	**3,884**	**1,750**	**6.9**
Total	**82,119**	**25,481**	**5.6**

[1] Quitters due to staff turnover: paragraphs 3 (other than employees dismissed due to retirement), 6, 7 and 9 of Article 77 of the Labour Code of the Russian Federation.

GRI 102-8

Gazprom Group's full-time and part-time employees, 2017–2018, thousand persons

	2017	2018
Roster as of the end of the reporting period, including:	469.6	466.1
Full-time	465.5	463.2
Part-time	4.1	2.9

Personnel of the Gazprom Group's companies registered in the Russian Federation and abroad, 2017–2018, thousand persons

	2017	2018
Roster as of the end of the reporting period, including:	469.6	466.1
in the Russian Federation	443.4	439.5
outside the Russian Federation	26.2	26.6

The percentage of employees that have entered into fixed-term employment contracts is low in the Gazprom Group's personnel roster.

Gazprom Energoholding's staff structure by contract type[1], 2015–2018, persons

Name	2015	2016	2017	2018
Roster, incl.:	37,827	37,608	37,977	37,772
indefinite-term employment contract	36,987	36,637	37,155	36,982
fixed-term employment contract	840	971	822	790

[1] Hereinafter, Gazprom Energoholding roster includes PJSC Mosenergo, PJSC MOEK, PJSC OGK-2, PJSC TGC-1 and PJSC Murmanskaya TEC.

Gazprom Energoholding's headcount by employment contract type (fixed-term/indefinite-term) by regions, 2015–2018, persons

Name	2015	2016	2017	2018
Roster, incl.:	37,827	37,608	37,977	37,772
indefinite-term employment contract, incl.:	36,987	36,637	37,155	36,982
Vologda Region	541	529	548	541
Krasnodar Territory	213	209	200	194
Krasnoyarsk Territory	850	851	850	860
Leningrad Region	1,297	1,286	1,359	1,362
Moscow	20,384	20,400	20,460	20,084
Moscow Region	1,708	1,684	1,662	1,663
Murmansk Region	1,973	1,942	2,103	2,115
Pskov Region	301	275	296	277
Karelia Republic	867	874	948	955
Rostov Region	1,194	1,158	1,159	1,157
Ryazan Region	1,097	1,065	1,072	1,040
St. Petersburg	3,142	3,160	3,344	3,666
Sverdlovsk Region	499	483	452	288
Stavropol Territory	786	772	783	786
Tyumen Region	915	897	908	897
Chelyabinsk Region	1,220	1,052	1,011	999
Chechen Republic	0	0	0	98
fixed-term employment contract, incl.:	840	971	822	790
Vologda Region	5	7	9	7
Krasnodar Territory	5	10	8	13
Krasnoyarsk Territory	24	31	32	34
Leningrad Region	18	25	32	20
Moscow	538	645	441	403
Moscow Region	32	31	15	18

Name	2015	2016	2017	2018
Murmansk Region	5	10	16	21
Pskov Region	9	7	7	6
Karelia Republic	18	13	29	28
Rostov Region	24	26	27	27
Ryazan Region	28	52	51	57
St. Petersburg	74	63	106	103
Sverdlovsk Region	12	13	11	11
Stavropol Territory	13	10	10	11
Tyumen Region	5	18	23	22
Chelyabinsk Region	30	10	5	6
Chechen Republic	0	0	0	3

Gazprom Neftekhim Salavat's headcount (as of December 31, 2018), persons

	Roster[1]	Employment contract type				Employment type				Non-staff human resources (CLA)[2]
		Indefinite-term employment contract		Fixed-term employment contract		Full-time employment		Part-time employment[3]		
		male	female	male	female	male	female	male	female	
Bashkortostan	13,396	7,844	4,813	316	423	8,147	5,226	13	10	49
Moscow	300	148	140	6	5	154	145	1	0	14
St. Petersburg	2	0	2	0	0	0	2	0	0	0
Volgograd Region	860	438	396	10	16	447	412	1	0	1
KhMAA	236	70	161	2	4	71	165	0	0	0
Bryansk Region	324	223	101	0	0	217	91	6	10	7
Chelyabinsk	89	57	28	3	1	60	29	0	0	1
Total	**15,207**	**8,780**	**5,641**	**337**	**449**	**9,096**	**6,070**	**21**	**20**	**72**

[1] Net of external part-timers.
[2] CLA means civil law agreements.
[3] These are employees who have shorter working hours or short-time week.

Process Safety Management System certification at PJSC Gazprom's subsidiaries by lines of business, 2016–2018

	2016	2017	2018
Number of subsidiaries certified as compliant with OHSAS 18001:2007, units			
PJSC Gazprom's subsidiaries by types of core business (UGSS)	28	31	31
PJSC Gazprom's support business subsidiaries (supporting operations of UGSS entities)	15	20	25
Headcount of the Administration and subsidiaries certified as compliant with OHSAS 18001:2007, persons			
PJSC Gazprom's subsidiaries by types of core business (UGSS)	225,171	226,175	226,545
PJSC Gazprom's Administration and support business subsidiaries (supporting operations of UGSS entities)	40,098	43,511	52,684
Number of subsidiaries that were not certified as compliant with OHSAS 18001:2007, units	69	61	56
Headcount of subsidiaries that were not certified as compliant with OHSAS 18001:2007, persons	59,617	52,009	39,977

LIST OF ORGANIZATIONS INCLUDED IN THE INTEGRATED SYSTEM OF PROCESS SAFETY MANAGEMENT PERIMETER

Gazprom Group's subsidiaries (gas business) by core types of business (production, transportation, storage, processing).

The total of 32 subsidiaries:

Gazprom Flot LLC,
Gazprom Geologorazvedka LLC,
Gazprom Dobycha Astrakhan LLC,
Gazprom Dobycha Irkutsk LLC,
Gazprom Dobycha Nadym LLC,
Gazprom Dobycha Noyabrsk LLC,
Gazprom Dobycha Orenburg LLC,
Gazprom Dobycha Kuznetsk LLC,
Gazprom Dobycha Krasnodar LLC,
Gazprom Dobycha Urengoy LLC,
Gazprom Dobycha Yamburg LLC,
Gazprom Dobycha Shelf Yuzhno-Sakhalinsk LLC,
Gazprom Pererabotka LLC,
Gazprom UGS LLC,
Gazprom Transgaz Volgograd LLC,
Gazprom Transgaz Yekaterinburg LLC,
Gazprom Transgaz Kazan LLC,
Gazprom Transgaz Krasnodar LLC,
Gazprom Transgaz Makhachkala LLC,
Gazprom Transgaz Moscow LLC,
Gazprom Transgaz Nizhny Novgorod LLC,
Gazprom Transgaz Samara LLC,
Gazprom Transgaz Saint Petersburg LLC,
Gazprom Transgaz Saratov LLC,
Gazprom Transgaz Stavropol LLC,
Gazprom Transgaz Surgut LLC,
Gazprom Transgaz Tomsk LLC,
Gazprom Transgaz Ufa LLC,
Gazprom Transgaz Ukhta LLC,
Gazprom Transgaz Tchaikovsky LLC,
Gazprom Transgaz Yugorsk LLC,
JSC Chechengazprom.

Gazprom Group's subsidiaries and entities (gas business) for gas supply network operations.

The total of 80 entities:

Gazprom Invest LLC,
Gazprom Sotsinvest LLC,
Gazprom LNG Vladivostok LLC,
Gazprom LNG St. Petersburg LLC,
JSC Centrgaz,
Novy Urengoy Gas Chemical Complex,
Gas-Oil LLC,
Gazprom Tsentrremont LLC,
Gazpromavia Aviation Company,
Gazprom Gaznadzor LLC,
Gazprom Gazobezopasnost LLC,
Gazprom Georesource LLC,
Gazprom Inform LLC,
Gazprom Komplektatsiya LLC,
JSC Gazprom Space Systems,
Gazprom Export LLC,
Gazprom Svyaz LLC,
Gazprom Mezhregiongaz LLC,
PJSC Gazprom Spetsgazavtotrans,
Gazprom Telecom LLC, Gazprom Torgservice LLC,
Gazprom Transservice LLC, Gazprom Energo LLC,
JSC Gazprom Bytovye Systemy,
OJSC Gazpromtrubinvest,
Gazpromtrans LLC, Gazprom Geotekhnologii LLC,
CJSC Gazprom Armenia, Gazprom Kyrgyzstan LLC,
OJSC Gazprom Transgaz Belarus,
Gazprom Proyektirovaniye LLC,
PJSC VNIPIgazdobycha, JSC Gazprom Promgaz,
JSC Giprogazcentr, JSC SevKavNIPIgaz,
Gazprom College Volgograd (a private professional educational institution),
Gazprom Corporate Institute (private educational institution for continuing professional education),
Gazprom Vocational School Novy Urengoy (a private professional educational institution),
Gazprom Training Simulator Computer Center (private educational institution for continuing professional education),
PJSC Gazprom Training Center (private educational institution for continuing professional education),
PJSC Gazprom ONUTS (private educational institution for continuing professional education),
Gazprom Shkola (Private School),
Gazprom Investholding LLC, Gazprom VNIIGAZ LLC,
Gazprom Expo LLC, NIIgazeconomika LLC,
Private Healthcare Institution OKDC PJSC Gazprom,
ChOP Gazprom Okhrana LLC, Gazprom EP International B.V.,
Gazprom CNIS Private Entity,
PJSC Gazprom Branch for Office Buildings Management,
PJSC Gazprom Branch Avtopredpriyatie PJSC Gazprom,
PJSC Gazprom Branch Bogorodskoye Official Reception House,
PJSC Gazprom Branch Morozovka Recreation House,
PJSC Gazprom Branch Soyuz Recreation House,
PJSC Gazprom Branch Sluzhba Korporativnoy Zashchity PJSC Gazprom,
PJSC Gazprom Branch Glavnoye Upravlenie Okhrany PJSC Gazprom in St. Petersburg,
PJSC Gazprom Branch Dalnevostochnoye Mezhregionalnoye Upravlenie Okhrany PJSC Gazprom in Khabarovsk,
PJSC Gazprom Branch Privolzhskoye Mezhregionalnoye Upravlenie Okhrany PJSC Gazprom in Samara,
PJSC Gazprom Branch Severo-Uralskoye Mezhregionalnoye Upravlenie Okhrany PJSC Gazprom in Novy Urengoy,
PJSC Gazprom Branch Sibirskoye Mezhregionalnoye Upravlenie Okhrany PJSC Gazprom in Tomsk,
PJSC Gazprom Branch Tsentralnoye Mezhregionalnoye Upravlenie Okhrany PJSC Gazprom in Moscow Region,
PJSC Gazprom Branch Yuzhno-Uralskoye Mezhregionalnoye Upravlenie Okhrany PJSC Gazprom in Yekaterinburg,
PJSC Gazprom Branch Yuzhnoye Mezhregionalnoye Upravlenie Okhrany PJSC Gazprom in Krasnodar,
Gazprom Podzemremont Orenburg LLC,
Gazprom Podzemremont Urengoy LLC,
OJSC Krasnoyarskgazprom,
OJSC Gazprom Gazoraspredeleniye,
PJSC Gazprom Avtomatizatsiya,
Gazprom Invest Vostok LLC,
CJSC Gazprom Invest Yug, CJSC Yamalgazinvest,
Gazprom Gazomotornoye Toplivo LLC,
Gazprom Szhizhenny Gaz LLC,
OJSC Giprospetsgaz, TyumenNIIgiprogaz LLC,
OJSC Gazprom Subsidiary JSC CKBN,
Gazprombank (JSC), NPF Gazfond, OJSC Sogaz.

GRI 403-2

Injury frequency rate, Gazprom Group[1], 2015–2018

	2015	2016	2017	2018
Subsidiary of the Gazprom Group (gas business)	0.32	0.24	0.19	0.28
Gazprom Neft Group	0.72	0.70	0.52	0.35
Gazprom Energoholding	0.32	0.52	0.44	0.50
Gazprom Neftekhim Salavat	0.26	0.13	0.25	0

[1] Number of persons injured as a result of incidents / average number of listed employees × 1000.

Injury frequency rate as of 2018 by gender

	Male	Female
Core business subsidiaries	0.10	0.02
UGSS support subsidiaries	0.56	0.11

Lost time injury frequency rates (LTIFR)[1], Gazprom Group, 2015–2018

	2015	2016	2017	2018
Subsidiary of the Gazprom Group (gas business)	0.18	0.16	0.11	0.17
Gazprom Neft Group	0.47	0.40	0.33	0.26
Gazprom Energoholding	0.20	0.30	0.25	0.28
Gazprom Neftekhim Salavat	0.15	0.07	0.14	0

[1] Number of persons injured as a result of accidents where lost time was involved / man-hours worked × 1,000,000.

Fatality injury frequency rate (FIFR)[1], Gazprom Group, 2015–2018

	2015	2016	2017	2018
Subsidiary of the Gazprom Group (gas business)	1.42	0.79	1.17	0.57
Gazprom Neft Group	2.20	2.90	0.92	0.89
Gazprom Energoholding	0	1.56	1.57	0

[1] Measure of fatalities as a result of accidents / man-hours worked × 100,000,000.

Occupational disease rate (ODR)[1], Gazprom Group, 2015–2018

	2015	2016	2017	2018
Subsidiary of the Gazprom Group (gas business)	0.032	0.060	0.045	0.030
Gazprom Neft Group	0	0.031	0.009	0.018
Gazprom Energoholding	0	0.016	0	0.031

[1] Number of incident cases of occupational diseases / man-hours worked × 1,000,000.

Lost day rate (LDR)[1], Gazprom Group, 2015–2018

	2015	2016	2017	2018
Subsidiary of the Gazprom Group (gas business)	11.08	12.51	8.38	12.01
Gazprom Neft Group	2.1	5.3	9.3	9.79
Gazprom Energoholding	9.7	21.1	16.4	19.63

[1] Number of days lost as a result of accidents / man-hours worked × 1,000,000.

Number of persons who were injured or died in accidents in 2018 by gender, persons

Companies included in the Integrated System of Process Safety Management perimeter	Male	Female
Injured	73	16
including fatalities	3	0

Number of persons who were injured or died in accidents in 2018 by regions, persons

Companies included in the Integrated System of Process Safety Management perimeter	Russian Federation	Republic of Belarus	Republic of Armenia	Kyrgyz Republic
Injured	88	1	0	0
including fatalities	3	0	0	0

Indicators used in Gazprom Neftekhim Salavat LLC reporting system, 2015–2018

Indicator	2015	2016	2017	2018
Total number of workplace incidents as defined in the Labour Code of the Russian Federation (minor, serious, fatalities)	2	1	2	0
Workplace fatalities Gender (m/f)	1 (1/–)	0	1 (–/1)	0
Severe workplace incidents Gender (m/f)	1 (1/–)	0	1 (1/–)	0
Injured in case of workplace incidents Gender (m/f), incl.:	2 (2/–)	1 (1/–)	2 (1/1)	0
fatalities (m/f)	1 (1/–)	0	1 (–/1)	0
lost time injuries (1 day or more) (m/f)	1 (1/–)	1 (1/–)	1 (1/–)	0
Micro injuries	0	0	1	0
Number of working man-days of disability in case of lost time incidents (1 day or more) with temporary disability ending during the reporting year	38	0	36	0
Lost time incidents frequency rate	0.26	0.13	0.25	0
Injury severity rate	19	0	18	0
Occupational disease rate	0	0	0	0

Note. Lost time incidents frequency rate is the number of incidents × 1,000/ average number of listed employees; severity rate is the number of working days of disability (number of man-days of disability in case of lost time incidents (1 day or more) with temporary disability ending during the reporting year) / number of incidents. In the table, '0' means absence of incidents and occupational diseases based on the formula used for calculating the indicators.

Workplace incidents as defined in the Labour Code of the Russian Federation involving contractor staff employed at Gazprom Neftekhim Salavat LLC facilities, 2015–2018

Indicator	2015	2016	2017	2018
Total number of incidents, (m/f)	–	–	3/0	3/0
incl. fatalities (m/f)	–	–	2/0	–

Note. The indicator is tracked since August 2017. Workplace incidents registration and reporting preparation are carried out in compliance with the company standard "Ensuring Environmental, Industrial and Occupational Safety".

Regional structure of injured employees at Gazprom Energoholding in 2018, persons

Region	Number of injured employees
Moscow	12
St. Petersburg	1
Ryazan Region	1
Rostov Region	1
Chelyabinsk Region	1
Leningrad Region	1
Murmansk Region	1

Incidents by type (hazardous factor) at Gazprom Energoholding in 2018

Indicator	Injured	
	Persons	%
Falling from elevations, as well as falling on a flat surface	8	44.4
Traffic accidents	1	5.6
Electrical current injury	1	5.6
Impact by moving, flying or rotating objects, parts, machinery, etc.	2	11.1
Fall, caving, slides of objects, materials, ground, etc.	2	11.1
Exertion and overstress	1	5.6
Contacting hot and incandescent parts of equipment, objects or materials, including steam and hot water impact	2	11.1
Third-party wrongdoing	1	5.6
Total number of injuries	**18**	**100**

Age structure of injuries at Gazprom Energoholding in 2018

Age	Injured	
	Persons	%
25–39 y. o.	5	27.8
40–49 y. o.	5	27.8
50–59 y. o.	4	22.2
Over 60 y. o.	4	22.2
Total number of injuries	**18**	**100**

Length of employment of persons injured at Gazprom Energoholding in 2018

Length of employment	Injured	
	Persons	%
Less than 3 years	7	38.8
3–5 years	3	16.7
6–10 years	4	22.2
11–15 years	1	5.6
Over 15 years	3	16.7
Total number of injuries	**18**	**100**

Gender structure of persons injured at Gazprom Energoholding in 2018

Indicator	Injured	
	Persons	%
Male	12	66.7
Female	6	33.3
Total number of injuries	**18**	**100**

OCCUPATIONAL HEALTH AND INDUSTRIAL SAFETY

Information on occupational health and industrial safety spending across the Gazprom Group, 2015–2018, RUB million

Area	2015	2016	2017	2018
Companies included in the Integrated System of Process Safety Management perimeter				
Occupational health	11,062	10,819	10,795	15,450
Industrial safety	4,977	7,113	11,452	5,576
Gazprom Neft Group				
Occupational health	905	1,291	1,592	7,943
Industrial safety	4,559	5,868	5,964	918
Gazprom Energoholding				
Occupational health	1,285	1,438	1,467	1,533
Industrial safety	373	522	649	218
Gazprom Neftekhim Salavat				
Occupational health	151	186	171	228
Industrial safety	336	551	830	478

GRI OG13

Information on the number of industrial accidents and incidents across the Gazprom Group, 2015–2018

	2015	2016	2017	2018
Companies included in the Integrated System of Process Safety Management perimeter				
Accidents	12	9	5	8
Incidents	43	30	21	8
Gazprom Neft Group				
Accidents	1	2	0	1
Incidents	2,512	2,385	2,183	1,068
Gazprom Energoholding				
Accidents	0	1	0	0
Incidents	196	176	129	99
Gazprom Neftekhim Salavat				
Accidents	1	1	0	0
Incidents	3	2	1	9

GRI 203-1

Distribution of funds for the Gazprom for Children Program across regions in 2018

No.	Region of the Russian Federation	Share, %
1.	Krasnodar Territory	33.89
2.	Leningrad Region	11.29
3.	St. Petersburg	8.39
4.	Yaroslavl Region	7.91
5.	Tula Region	5.74
6.	Omsk Region	4.97
7.	Astrakhan Region	4.86
8.	Kirov Region	3.10
9.	Kursk Region	2.92
10.	Khabarovsk Territory	2.78
11.	Republic of Sakha (Yakutia)	2.28
12.	Karachai-Cherkess Republic	2.19
13.	Samara Region	1.84
14.	Voronezh Region	1.65
15.	Orenburg Region	1.60
16.	Bryansk Region	1.51
17.	Stavropol Territory	1.09
18.	Amur, Saratov, Volgograd, Pskov, Belgorod, Kurgan Regions	1.99

APPENDIX 5.

FOR THE SECTION "LIFE IN A FAVOURABLE ENVIRONMENT"

GRI 303-3

Percentage and total volume of water recycled and reused at the Gazprom Group, 2015–2018

Indicator	2015	2016	2017	2018
Water intake and drawing, total, mcm	4,511.81	4,538.21	4,523.45	4,280.21
Volume of water recycled and reused, total, mcm	11,999.97	12,482.12	12,006.85	11,063.73
Share of recycled and reused water, %	266	275	265	258

GRI 306-1

Gazprom Group's water discharge volume including the quality of wastewater and the receiving facility, 2015–2018, thousand m³

Indicator	2015	2016	2017	2018
Water discharge, incl.:	4,105,662	4,084,287	4,141,396	3,871,109
Water discharge to surface water bodies, incl.:	3,853,750	3,855,451	3,905,255	3,658,442
polluted (untreated)	122,810	99,476	60,015	56,563
polluted (insufficiently treated)	70,368	64,738	63,558	22,395
partially clean (untreated)	3,631,296	3,664,064	3,754,894	3,514,684
partially treated, incl.:	29,276	27,173	26,788	64,800
at biological purification plants	10,804	10,805	10,614	49,674
at physical and chemical purification plants	215	259	251	352
at mechanical purification plants	18,258	16,109	15,923	14,774
Water discharge to subterranean layers	49,088	48,934	45,279	44,689
Water discharge to holding basins	974	1,114	991	574
Water discharge to public utilities	145,013	130,085	144,147	134,015
Water discharge to other systems	56,838	48,703	45,725	33,390

GRI 306-2

Gazprom Group's waste generation and handling, 2015–2018, t

Indicator	2015	2016	2017	2018
Waste generated during the reporting year, incl.:	4,954,046.69	4,289,806.76	4,130,290.16	3,555,093.32
Hazard class I	210.82	206.55	265.98	207.87
Hazard class II	8,102.04	8,813.05	751.67	779.05
Hazard class III	202,852.54	102,110.90	94,262.20	84,816.25
Hazard class IV	1,128,355.26	1,036,457.14	1,294,649.85	1,200,485.73
Hazard class V	3,614,526.04	3,142,219.12	2,740,360.47	2,268,804.42
oil slurries	144,280.14	93,598.65	139,209.11	219,917.86
drilling waste	862,980.26	752,123.38	947,597.56	748,003.94
bottom ash waste	3,092,138.87	2,656,454.68	2,321,421.34	1,885,460.58
Waste received from other business entities	18,567.06	10,054.28	10,738.71	16,116.30

Indicator	2015	2016	2017	2018
Waste recycled at the facility, incl.:	1,549,839.13	222,898.67	170,927.30	21,667.93
oil slurries	1.32	3,984.93	0.00	0.00
drilling waste	39,284.19	121,335.67	86,836.23	0.00
bottom ash waste	1,333,345.95	0.00	0.00	7,686.50
Waste destroyed by the facility, incl.:	89,101.13	90,599.73	77,990.21	75,158.37
oil slurries	310.54	246.56	112.92	112.73
drilling waste	11,283.47	9,748.30	5,140.71	1,273.60
bottom ash waste	0.00	0.00	0.00	0.00
Waste handed over to other business entities, incl.:	1,532,749.88	1,997,221.51	1,661,550.78	12,589,870.21[1]
oil slurries	148,072.24	95,817.52	115,717.97	216,709.522
drilling waste	756,474.01	561,342.77	731,291.72	688,884.596
bottom ash waste	116,709.28	768,407.23	304,707.84	100,968.491
Waste handed over to other business entities for processing	0.00	0.00	13,627.21	6,825.42
Waste handed over to other business entities for recycling, incl.:	911,146.36	844,597.37	1,088,329.47	910,100.02
oil slurries	14,737.88	4,604.03	4,447.38	1,786.82
drilling waste	569,743.16	242,804.75	620,413.74	596,452.80
bottom ash waste	91,546.34	297,556.88	265,083.10	67,823.27
Waste handed over to other business entities for destruction, incl.:	292,881.53	438,838.01	250,968.12	338,783.63
oil slurries	47,839.19	51,677.40	75,678.03	186,060.37
drilling waste	186,730.85	318,538.02	110,877.99	92,101.00
bottom ash waste	5.30	0.00	46.40	25.05
Waste handed over to other business entities for storage, incl.:	5,855.91	446,202.98	5,944.77	11,019,342.77[1]
oil slurries	310.08	38.46	55.41	3.50
drilling waste	0.00	0.00	0.00	0.00
bottom ash waste	0.00	443,630.70	13.2	0.00
Waste handed over to other business entities for disposal, incl.:	322,866.08	267,583.15	302,681.22	314,818.37
oil slurries	85,185.09	39,497.63	32,352.06	27,873.20
drilling waste	0.00	0.00	0.00	0.00
bottom ash waste	25,157.64	27,219.65	39,565.14	33,120.17
Waste placed at operated (own) facilities during the reporting year, incl.:	14,147,984.19	13,608,576.64	13,238,808.76	1,939,945.51
at operated storage facilities, incl.:	13,118,773.48	12,798,661.52	12,586,781.38	1,446,308.05
oil slurries	4,933.85	4,619.28	4,617.82	11,623.74
drilling waste	28,795.36	2,369.37	6,797.55	0.00
bottom ash waste	2,081,717.64	1,791,905.90	1,573,773.30	1,429,491.76
at operated disposal facilities, incl.:	1,029,210.72	809,915.12	652,027.38	493,637.46
oil slurries	0.00	0.00	0.00	0.00
drilling waste	65,902.96	77,000.21	49,762.81	59,276.80
bottom ash waste	898,887.99	676,529.04	548,258.98	383,468.56

[1] Changed as Meleuzovskie Mineralnye Udobreniya LLC data is no longer taken into account (that business is not a part of GPNS LLC Group of Companies since February 01, 2018).

GRI 305-1

Gazprom Group's GHG emissions by categories of the sources of emissions in 2018, million t of CO_2 equivalent

Sources (processes)	Total	CO_2	CH_4
Stationary fuel combustion	188.27	188.27	0.00
Flaring	10.91	10.80	0.11
Fugitive emissions	32.99	0.19	32.80
Oil refining	3.79	3.79	0.00
Ammonia production	0.21	0.21	0.00
Petrochemical production	0.16	0.16	0.00
Other industrial processes	3.53	3.53	0.00
Air transport	0.09	0.09	0.00
Railway transport	0.02	0.02	0.00
GHG emissions, total	**239.97**	**207.06**	**32.91**

GRI 302-1

In 2018, the total fuel consumption for internal operating needs by PJSC Gazprom's natural gas production, transportation, underground storage and processing subsidiaries was 65,034.8 thousand tons of reference fuel[68].

Total consumption based on core activities of PJSC Gazprom, from non-renewable sources by types of fuel used, 2015–2018, million GJ

Fuel type	2015	2016	2017	2018
Natural gas	1,356.13	1,357.68	1,571.21	1,688.11
Electric power	37.50	38.48	44.99	46.65
Heat energy	89.92	92.46	93.42	94.48
Total fuel and energy resources	**1,483.55**	**1,488.62**	**1,709.62**	**1,829.24**

The increase in the consumption of energy resources was driven by production volumes growth; however, a comparison of the unit consumption indicators of fuel and energy resources against commodities transportation in similar conditions shows that the energy intensity of PJSC Gazprom's key production activities has decreased.

The total electric power consumption by PJSC Gazprom's natural gas production, transportation, underground storage and processing subsidiaries was:

in 2015 — 10,415.72 million kWh;
in 2016 — 10,688.2 million kWh;
in 2017 — 12,496.9 million kWh;
in 2018 — 12,958.0 million kWh[69].

Sales of fuel and energy resources (electric power, fuel for heating/cooling purposes, steam sold) are not a core business for natural gas production, transportation, underground storage and processing subsidiaries, therefore accounting of fuel and energy sales volumes could not be arranged for those subsidiaries of PJSC Gazprom.

[68] Cooling/heating and steam generation are non-core businesses for PJSC Gazprom's natural gas production, transportation, underground storage and processing subsidiaries, therefore, accounting of energy consumption for those processes could not be arranged for those PJSC subsidiaries.

[69] In order to monitor efficiency of fuel and energy resources consumption for internal operating needs by natural gas production, transportation, underground storage and processing subsidiaries, PJSC Gazprom uses corporate reporting forms on fuel and energy resources consumption for internal operating needs for the corresponding activities approved by the order of PJSC Gazprom. Physical values correlation: 1 kWh = 3.6 • 106 J; 1 cal =4.1868 J. Natural gas calorific value is 8,085 kcal per m^3.

Gazprom Neft's (upstream) in-house power generation, 2015–2018

Indicator	2015	2016	2017	2018
In-house electric power generation, million kWh	1,143	1,178	1,471	1,458
In-house heat energy generation, thousand Gcal	212	231	252	278

Gazprom Neft's (downstream) energy consumption, purchase and generation, 2015–2018

Indicator	2015	2016	2017	2018
Total electric power consumption, million kWh	3,341	3,400	3,237	3,396
Heat energy purchase, thousand Gcal	4,683	4,478	4,521	4,868
Heat energy generation, thousand Gcal	6,009	6,194	5,822	5,836

At Gazprom Energoholding, fuel consumption declined in 2018 by 2% mainly due to more efficient equipment operation modes in electricity and heat generation.

Gazprom Energoholding's fuel consumption from non-renewable sources, 2015–2018, million tons of reference fuel

Fuel type	2015	2016	2017	2018
Coal	8.4	7.5	7.1	5.9
Gas	44.7	48.9	47.5	47.7
Fuel oil	0.4	0.4	0.4	0.5
Diesel fuel	0.0	0.0	0.0	0.0
Other fuels	0.0	0.0	0.0	–
Total	**53.5**	**56.9**	**55.1**	**54.1**

Energy sold by Gazprom Energoholding in 2018 amounted to 157,757.2 million kWh.

Energy sold by Gazprom Energoholding, 2015–2018, million kWh

Generating company	2015	2016	2017	2018
PJSC Mosenergo	56,349.3	60,858.4	60,250.6	60,195.4
PJSC OGK-2	69,611.1	72,938.9	69,722.2	64,982.1
PJSC TGC-1	28,969.0	30,590.9	32,579.2	32,579.7
Total	**154,929.4**	**164,388.3**	**162,552.0**	**157,757.2**

Gazprom Neftekhim Salavat LLC's fuel consumption from non-renewable sources, 2015–2018

Fuel type	UoM	2015	2016	2017	2018
Natural gas for production	mcm	434.3	486.0	428.6	464.8
	thousand GJ	14,457	16,178	14,267	15,472
Natural gas as fuel	mcm	505.7	541.1	467.9	469.7
	thousand GJ	16,833	18,012	15,575	15,635
Total	**mcm**	**940.0**	**1,027.1**	**896.5**	**934.5**
	thousand GJ	**31,290**	**34,189**	**29,842**	**31,107**

Electric power and steam consumption increased at Gazprom Neftekhim Salavat LLC due to the increase of production volumes. Electric power consumption for heating declined due to favourable climate conditions.

Energy consumption at Gazprom Neftekhim Salavat LLC, 2015–2018

	2015	2016	2017	2018
Electric power consumption, million kWh	12,690	13,583	13,364	14,336
Electric power consumption for heating, thousand Gcal	306	332	335	322
Electric power consumption for cooling, million kWh	2,017	2,315	2,159	2,453
Steam consumption, thousand Gcal	7,425	8,126	8,386	9,118
Energy sold for heating, thousand Gcal	57	62	65	65
Steam sold, thousand Gcal	275	354	422	418
Overall energy consumption, including natural gas as fuel, thousand GJ	68,221	74,492	71,163	75,796

At Gazprom Neftekhim Salavat LLC, there is no energy consumption from renewable sources.

GRI 302-3

In 2018, energy intensity of the core PJSC Gazprom activities increased due to the growth of production volumes. However, a comparison of the unit consumption indicators of fuel and energy resources against commodities transportation in similar conditions shows that the energy intensity of PJSC Gazprom's key production activities has decreased.

Energy intensity of the core activities of PJSC Gazprom, 2015–2018[(1)]

Activity	2015	2016	2017	2018
Gas production, kg of reference fuel per thousand cubic meters	17.7	17.8	18.0	19.0
Gas transportation, kg of reference fuel per mcm·km	26.3	26.3	27.3	27.8
Underground gas storage, kg of reference fuel per thousand cubic meters	6.4	5.7	7.2	6.9
Gas processing, kg of reference fuel per thousand cubic meters	72.1	72.3	71.4	72.9
kg of reference fuel per ton	45.1	45.5	45.3	46.4

[(1)] In order to calculate the energy intensity ratio for the main type of PJSC Gazprom's activities, the following denominators were used:
- Gas production — volume of gas produced (thousand m^3);
- Gas transportation — commodity transportation activities (million m^3·km);
- Underground gas storage — the total volume of gas taken and injected (thousand m^3);
- Gas processing — the respective processed volumes of gas and liquid hydrocarbon feedstock (thousand m^3; t).

In the course of energy intensity calculation, the following fuel and energy resources consumed for internal operating needs of the core PJSC Gazprom production processes were taken into account: natural gas, electric power, heat energy.
In the course of energy intensity calculation, the energy consumed internally by PJSC Gazprom is taken into account.

Gazprom Energoholding companies' energy intensity[1], 2015–2018

Indicator	UoM	2015	2016	2017	2018
For the denominator					
Power plant busbar output (other than HPPs)	million kWh	122,845	130,801	126,944	124,068
Productive supply of heat energy to end customers (net of intercompany balances)	thousand Gcal	111,311	119,119	116,276	119,048
For the numerator					
Reference fuel consumption at sources	thousand tons of reference fuel	53,253	56,863	55,066	54,085
Third-party heat energy procurement	thousand Gcal	3,146	4,134	3,818	4,978
Electric power consumption at boiler houses	million kWh	489	522	572	556
Electric power consumption at heat networks	million kWh	915	946	969	954
HPPs					
Power output by hydro generators at HPPs	million kWh	12,332	12,863	13,686	12,819
Busbar output at HPPs	million kWh	12,247	12,775	13,595	12,730
Energy intensity of TPPs		**1.74**	**1.74**	**1.73**	**1.70**
Energy intensity of HPPs		**1.12**	**1.12**	**1.12**	**1.12**
Total energy intensity		**1.71**	**1.71**	**1.70**	**1.68**

[1] Energy intensity of Gazprom Energoholding companies is defined as the ratio of fuel consumption at power plants and boiler houses of the subsidiaries, heat energy supplied to the subsidiaries' networks by third parties, electric power consumed at boiler houses and heat networks facilities of the subsidiaries to the total busbar output of the power plants and heat energy to end customers (all intragroup balances of heat energy are excluded). HPP energy intensity is defined as the ratio of electric power generated increased by the average efficiency ratio of hydroturbine units (assumed at 0.9) to HPP busbar output. The general energy intensity takes into account HPP electric power output at 0.9 efficiency ratio in the numerator and HPP busbar output in the denominator.

GRI 302-4

Results of Energy Saving and Energy Efficiency Improvement Programs at the Gazprom Neft Group in 2018

Type of fuel and energy resource	Upstream	Downstream	Gazprom Neft Shelf LLC	Total
Electric power, million kWh	462	18.9	0.218	481.118
Heat energy, thousand Gcal	0	279.4	0	279.4
Fuel, thousand tons of reference fuel	1.1	137.5	0	138.6

Results of Energy Saving and Energy Efficiency Improvement Programs at Gazprom Energoholding in 2018

Generating company	Fuel saving, thousand tons of reference fuel		Electric power saving, million kWh	Heat energy saving, thousand Gcal
	Total	Including gas		
PJSC Mosenergo	1,177.7	1,163.7	571.5	123.3
PJSC TGC-1	12.8	12.0	9.1	0.2
PJSC OGK-2	33.7	21.4	17.1	0
PJSC MOEK	–	–	0.9	60.7
Total	**1,224.2**	**1,197.1**	**598.6**	**184.2**

Results of Energy Saving and Energy Efficiency Improvement Programs at Gazprom Energoholding, 2015–2018

	2015	2016	2017	2018	2015	2016	2017	2018
	Fuel, thousand tons of reference fuel				Including gas, thousand tons of reference fuel			
PJSC Mosenergo								
Plan	772.6	534.9	308.3	408.76	757.2	524.2	302.26	395.5
Actual	849.74	956.8	900.9	1,177.7	814.7	933.3	885.8	1,163.7
PJSC TGC-1								
Plan	21.5	12.8	10.4	25.87	18.2	10.6	10.36	24.5
Actual	21.14	16.8	11.2	12.8	10.6	15.7	11.0	12.0
PJSC OGK-2								
Plan	113.0	42.0	24.0	37.06	74.3	30.1	17.12	25.5
Actual	40.12	76.0	23.0	33.7	21.4	17.1	13.6	21.4
PJSC MOEK								
Plan	0	0	0	0.68	0	0	0	0.7
Actual	0	0	0.2	0	0	0	0.2	0
Gazprom Energoholding total								
Plan	**907.1**	**589.7**	**342.7**	**472.37**	**849.7**	**564.9**	**329.74**	**446.2**
Actual	**911.0**	**1,049.6**	**935.3**	**1,224.2**	**846.7**	**966.1**	**910.6**	**1,197.1**
	Electric power, million kWh				Heat energy, thousand Gcal			
PJSC Mosenergo								
Plan	451.2	33.3	11.0	36.49	20.0	123.07	0	0
Actual	419.3	392.8	565.3	571.6	14.1	46.05	87.6	123.3
PJSC TGC-1								
Plan	1.7	0.2	0.4	8.97	0	0.15	0.2	8.2
Actual	7.0	0.3	0.6	9.1	0	0.15	0.1	0.2
PJSC OGK-2								
Plan	41.0	21.0	12.6	9.61	77.0	29.0	29.0	0
Actual	67.0	105.7	22.1	17.1	1.4	47.67	7.4	0
PJSC MOEK								
Plan	0.5	0	0	2.66	86.9	40.87	20.6	27.5
Actual	0.5	0	0	0.8	89.5	92.07	79.5	60.7
Gazprom Energoholding Total								
Plan	**494.4**	**54.5**	**24.0**	**57.73**	**183.9**	**193.09**	**49.8**	**35.7**
Actual	**493.8**	**498.8**	**588.0**	**598.6**	**105.0**	**185.94**	**174.6**	**184.2**

Results of Energy Saving and Energy Efficiency Improvement Programs at Gazprom Neftekhim Salavat LLC, 2015–2018

Indicator	2015	2016	2017	2018
Natural gas saving, mcm	0.000	0.000	49.935	43.783
Electric power saving, million kWh	5.295	0.348	1.021	0.883
Heat energy saving, thousand Gcal	1.481	4.799	21.503	49.675
Total, thousand tons of reference fuel	**1.927**	**0.799**	**60.432**	**57.390**
Total, million GJ	**0.056**	**0.023**	**1.771**	**1.682**

GRI OG5

Produced Deposit Water and Its Utilization

Deposit water produced by the Gazprom Group, 2015–2018, thousand t

	2015	2016	2017	2018
Gazprom Group	2,744.6	2,829.3	3,210.7	3,754.4

GRI OG6

Hydrocarbons flaring volumes

APG resource and utilization at the Gazprom Group as of 2015

Indicator	APG resources, mcm	Flared, mcm	Utilization level, %
Gazprom Group	10,060.79	1,691.33	83.1
incl. Gazprom Neft	8,101.52	1,606.28	80.2[1]

[1] Total, excluding the share of production by organizations investments wherein are classified as joint operations.

APG resource and utilization at the Gazprom Group as of 2016

Indicator	APG resources, mcm	Flared, mcm	Utilization level, %
Gazprom Group	11,386.49	1,968.88	82.7
incl. Gazprom Neft	9,560.93	1,933.32	79.8

APG resource and utilization at the Gazprom Group as of 2017

Indicator	APG resources, mcm	Flared, mcm	Utilization level, %
Gazprom Group	13,090.97	2,847.41	79.0
incl. Gazprom Neft	11,434.86	2,825.14	76.2

APG resource and utilization at the Gazprom Group as of 2018

Indicator	APG resources, mcm	Flared, mcm	Utilization level, %
Gazprom Group	16,000.94	3,149.29	80.2
incl. Gazprom Neft	14,398.06	3,113.65	78.3

FINANCIAL AND OTHER RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANGE

GRI 102-15 GRI 201-2

The Gazprom Group identified the potential climate change risks and their impact upon the Group's operations. The key climate change risks of the Gazprom Group are temperature change risks, as well as physical, economic and social risks.

The key climate change and GHG risks for the Gazprom Group

Temperature change risks	■ Change of temperature of the most sensitive frozen soils with higher salt content. ■ Increased number and magnitude of adverse hydrometeorological phenomena, including higher frequency of floods during spring and spring/summer tide periods. ■ Shorter periods of winter roads operation(1). ■ Risks of higher gas consumption for internal operating needs as the outside air temperature declines(2).
Physical risks	■ Risks of damage of buildings and constructions. ■ Risks of higher failure rate of pipeline transport. ■ Risks of deformation of water supply and sewerage systems.
Social risks	■ Risks of higher adverse impact upon people's health due to extreme and adverse hydrometeorological phenomena and infectious diseases proliferation. ■ Risks of inflicting damage to private property of the employees of the Gazprom Group's companies.
Environmental risks	■ Risks of environmental damage.
Reputational risks	■ Risks of failure to discharge commitments by the Gazprom Group.

(1) Winter road means motor road that could be operated in winter period only.
(2) Decline in outside air temperature by 1 degree Celsius.

The Gazprom Group's companies implement comprehensive activities aimed at mitigating negative consequences of climate change for operational activities.

Such activities include:

- Assessment of the climate change impact in the territories where the Group's technological facilities are located;
- Regular machinery and equipment monitoring, as well as assessment of predictability of the operational processes applied in the areas subject to climate change;
- Use of reinforced pipes in the areas subject to climate change;
- Construction of indoor compressor shops in the areas of adverse weather and climate conditions;
- Construction of backup power plants in the permafrost areas at gas production sites;
- Development of gas production facilities designs taking into account the weather and climate conditions;
- Bottom penetration of the pipelines in the areas adjacent to the shores in order to ensure protection of their offshore sections;
- Permafrost management in the construction areas in course of Yamal peninsula deposits development: redundancy of groundworks and foundations of the facilities reliability using modern thermal stabilization technologies in eternally frozen grounds adjusted for perennial thawing;
- Development of the comprehensive insurance systems, including insurance of the environmental risks of the Group's companies and compensation of environmental damage.

APPENDIX 6.

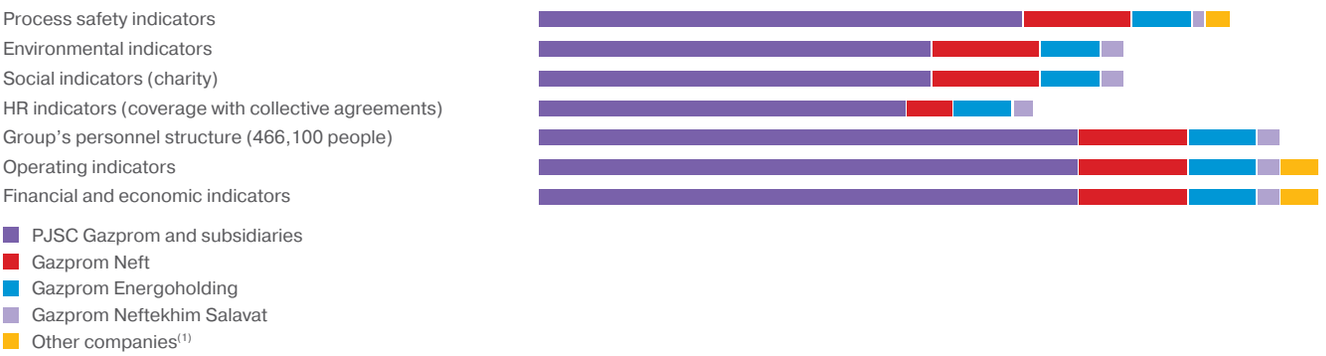
REPORTING PRINCIPLES AND BOUNDARIES

GRI 102-46

1. **Sustainability context.** The Report represents well-balanced information on Gazprom's activities in sustainable development.
2. **Materiality.** The Report covers material issues, topics and indicators of the economic, environmental and social impact of Gazprom's activities and operations. Significance of the information in the Report is identified on the basis of evaluation of Gazprom's performance in the reporting period by its leadership and stakeholders' opinions.
3. **Stakeholder inclusiveness.** Thanks to Gazprom's systemic approach to stakeholder engagement, the Report covers information that is of relevance to stakeholders.
4. **Completeness.** The Report represents information on all vectors of Gazprom's activities in sustainable development during the reporting period. The information is represented in accordance with GRI Standards and the GRI Oil and Gas Sector Supplement.
5. **Balance.** The Report includes both information on Gazprom's achievements and references to areas where certain processes need to be improved.
6. **Comparability.** The economic, environmental and social outcomes of Gazprom's operations and activities in the reporting period are juxtaposed with the Company's performance in previous years and its targets. The comparison allows stakeholders to evaluate Gazprom's performance in those areas.
7. **Accuracy.** Gazprom strives to accurately record its performance in order to enable stakeholders to make objective evaluation. The Report uses both qualitative descriptions and quantitative information based on financial statements and statistical reports.
8. **Timeliness.** The Report supplies stakeholders with relevant information on Gazprom's operations and activities in the reporting period.
9. **Clarity.** Information in the Report is represented in a lucid form, comprehensible for the general public: highly technical terminology is used only where appropriate; terms and abbreviations are explained in a glossary. Information that requires special knowledge is omitted from the Report. To visualize information, various tables, diagrams, charts, infographics are used in the Report.
10. **Reliability.** The Report represents reliable, ascertainable and verifiable information. Gazprom's Sustainability Report has been approved independently by FBK Grant Thornton and has received public endorsement of the Russian Union of Industrialists and Entrepreneurs (RUIE), a non-governmental organization.

GRI 102-46

Reporting Boundaries by groups of indicators vs the headcount of organizations included in the perimeter



(1) The indicators for other companies are shown roughly. Other companies means affiliated entities and joint ventures, companies with non-controlling interest, as well as subsidiaries, whose data are not included in the IFRS consolidated financial statements due to being immaterial.

APPENDIX 7.

GLOSSARY OF ABBREVIATIONS AND CODE NAMES USED IN THE REPORT

Terms and abbreviations	Description
AEPS	PJSC Gazprom's Automatic E-Procurement System
APG	Associated petroleum gas
APR	Asia-Pacific Region
bcm	billion cubic meters
BFI	Bulk fuel installation
CCES	Corporate continuous education system
CDP	Carbon Disclosure Project
CHPP	Combined heat and power plant
CIS	Commonwealth of Independent States
CNG	Compressed natural gas
CNG filling station	Automobile gas-filling compressor station
Company	PJSC Gazprom
CPMB	Central Procurement Management Body of the Gazprom Group
CS	Compressor station
CSA	Capacity supply agreement
DCA	Designated conservation area
EASEE-gas	European Association for the Streamlining of Energy Exchange
EMS	Environmental management system
EnMS	Energy management system
ES	Emergency situation
ETP	Electronic trading platform
EU	European Union
FIFA	Federation Internationale de Football Association
FSRU	Floating storage and regasification unit
FSU countries	Countries located in the former Soviet Union territory other than the Russian Federation
Gazprom, Gazprom Group, Group	A group of companies consisting of PJSC Gazprom (parent company) and its subsidiaries
Gazprom Energoholding	Gazprom Energoholding LLC and companies consolidated under its management (PJSC Mosenergo, PJSC MOEK, PJSC TGC-1 and PJSC OGK-2)
Gazprom Neft Group, Gazprom Neft	PJSC Gazprom Neft and its subsidiaries
Gazprom Neftekhim Salavat	Gazprom Neftekhim Salavat LLC and its subsidiaries
GCF	Gas and condensate field
GCU	Gas compressor unit
GDO	Gas distribution organization
GDP	Gross Domestic Product
GDS	Gas distribution station
GGC	Global Gas Center
GHG	Greenhouse gases
GPB ETP	Electronic trading platform of Gazprombank Group
GPE	Geological prospecting and exploration
GPP	Gas processing plant
GRF	Gas recovery factor
GRI	Global Reporting Initiative

Terms and abbreviations	Description
GS	Gas station
GTL	Gas trunkline
GTS	Gas transmission system
HF	Hydraulic fracturing
HIF	Hazardous industrial facility
HPP	Hydro power plant
IFA	International Fertilizer Industry Association
IFRS	International Financial Reporting Standards
IMS	Information Management System
IROP	Ice-resistant offshore platform
ISO	International Organization for Standardization
ISPSM	Integrated System of Process Safety Management
kg	kilogram
KhMAA — Yugra	Khanty-Mansi Autonomous Area — Yugra
KPI	Key performance indicator
LDP	Large-diameter pipes
LNG	Liquefied natural gas
LPG	Liquefied petroleum gas
LTDP	Long-Term Development Program
M&E	Materials and equipment
mcm	million cubic meters
MET	Mineral extraction tax
MGFT	Mobile gas fuel tank
MGS	Multi-fuel gas station
mmt	million metric tons
NGO	Non-governmental organization
NGPF	Non-governmental pension fund
NGV	Natural gas vehicle
NPO	Non-profit organization
OGCF	Oil, gas and condensate field
OHSAS	Occupational Health and Safety Assessment Series
PJSC Gazprom and its key subsidiaries	PJSC Gazprom and its gas production, transportation, processing and underground storage subsidiaries: Gazprom Dobycha Yamburg LLC, Gazprom Dobycha Urengoy LLC, Gazprom Dobycha Nadym LLC, Gazprom Dobycha Noyabrsk LLC, Gazprom Dobycha Orenburg LLC, Gazprom Dobycha Astrakhan LLC, Gazprom Pererabotka LLC, Gazprom Dobycha Krasnodar LLC, Gazprom Transgaz Ukhta LLC, Gazprom Transgaz Surgut LLC, Gazprom Transgaz Yugorsk LLC, Gazprom Transgaz Saint Petersburg LLC, Gazprom Transgaz Moscow LLC, Gazprom Transgaz Tomsk LLC, Gazprom Transgaz Tchaikovsky LLC, Gazprom Transgaz Yekaterinburg LLC, Gazprom Transgaz Stavropol LLC, Gazprom Transgaz Makhachkala LLC, Gazprom Transgaz Nizhny Novgorod LLC, Gazprom Transgaz Saratov LLC, Gazprom Transgaz Volgograd LLC, Gazprom Transgaz Samara LLC, Gazprom Transgaz Ufa LLC, Gazprom Transgaz Kazan LLC, Gazprom Transgaz Krasnodar LLC, OJSC Gazprom Transgaz Belarus, Gazprom UGS LLC
PRMS	Petroleum Resources Management System
QMS	Quality management system
R&D	Research and development
Refinery	Oil refinery

Terms and abbreviations	Description
Report	Gazprom Group's Sustainability Report
RMICS	Risk management and internal control system
RUIE	Russian Union of Industrialists and Entrepreneurs
Sakhalin Energy	Sakhalin Energy Investment Company Ltd.
SD	specialized department
SDG	Sustainable development goal
SDM	Sustainable development management
SDPP	State district power plant
SLCA	Special labour conditions assessment
SME	Small and medium-sized enterprises
STC	Scientific and technological cooperation
STI	Strategic Target Indicator
Subsidiary	Subsidiary company
TPP	Thermal power plant
UEFA	Union of European Football Associations
UES	Unified energy system
UGS	Underground gas storage
UGSS	Unified gas supply system
VAT	Value-added tax
WPP	Water purification plant
WTF	Wastewater treatment facility
YaNAA	Yamal-Nenets Autonomous Area

Russian Union of Industrialists and Entrepreneurs

CERTIFICATE

of Public Endorsement
of a Corporate Non-Financial Report

Gazprom Group Sustainability Report 2018

has received public endorsement
by the RSPP Council on Non-Financial Reporting

A detailed opinion of the RSPP Council regarding public endorsement of Gazprom Sustainability Report 2018 has been sent to the Company, which may publish it without amendment and use it both for corporate purposes and for the purposes of stakeholder engagement.

Registration number 147.01.05.01.18

RSPP President A. Shokhin

Moscow, 2019

APPENDIX 9.

APPROVAL FROM FBK GRANT THORNTON

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INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT [TRANSLATION FROM RUSSIAN ORIGINAL]

To the management of PJSC «GAZPROM».

We have undertaken a limited assurance engagement of compliance of the accompanying Gazprom Group's Sustainability Report 2018 (hereinafter referred to as the Report) with the requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Core option.

Responsibility of PJSC «GAZPROM»
PJSC «GAZPROM» is responsible for preparation of the Report in compliance with the requirements of GRI Sustainability Reporting Standards (hereinafter referred to as Standards) to the report prepared in accordance with the Core option. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control
We have complied with the independence and other ethical requirements of the Rules of Independence of the Auditors and Audit Organizations and The Code of Professional Ethics of the Auditors, which are in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, and we have fulfilled our other ethical responsibilities in accordance with these requirements.
The firm applies International Standard on Quality Control 1, Quality Control for Firm that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility
Our responsibility is to express a limited assurance conclusion on compliance of the Report with the requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Core option based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the Report is free from material misstatement.
A limited assurance engagement undertaken in accordance with this standard involves assessing the compliance of the Report with the requirements of Standards to the report prepared in accordance with the Core option.
A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.
The procedures we performed were based on our professional judgment and included inquiries, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.
Given the circumstances of the engagement, in performing the procedures listed above we have performed the following procedures:

- Interviewing the management and employees of companies of Gazprom Group and obtaining documentary evidence;
- Study of information available on the websites of companies of Gazprom Group related to their activities in the context of sustainable development;

TRANSLATION NOTE: Our report has been prepared in Russian and in English. In all matters of interpretation of information, views or opinions, the Russian version of our report takes precedence over the English version.

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- Study of public statements of third parties concerning economic, environmental and social aspects of the Gazprom Group activities, in order to check validity of the declarations made in the Report;
- Analysis of non-financial reports of companies working in the similar market segment for benchmarking purposes;
- Selective review of documents and data on the efficiency of the management systems of economic, environmental and social aspects of sustainable development in Gazprom Group;
- Study of the existing processes of collection, processing, documenting, verification, analysis and selection of data to be included into the Report;
- Analysis of information in the Report for compliance with the requirements of Standards to the report prepared in accordance with the Core option.

The procedures were performed only in relation to data for the year ended 31 December 2018.
The evaluation of reliability of the information on performance in the Report was conducted in relation to compliance with the requirements of Standards to the report prepared in accordance with the Core option and information referred to in the annex to the Report "Annex 1. GRI Content Index". In respect to this information assessment of its conformity to external and internal reporting documents provided to us was performed.
The procedures were not performed in relation to forward-looking statements; statements expressing the opinions, beliefs and intentions of PJSC «GAZPROM» as the parent company of Gazprom Group to take any action relating to the future; as well as statements based on expert opinion.
The procedures were performed in relation to the Russian version of the Report, which includes information to be published in a hard-copy form as well as in digital form on the PJSC «GAZPROM» website.
We had no chance to verify that the Report was published on the PJSC «GAZPROM» website as well as that Global Reporting Initiative was notified of the use of the Standards in the Report preparation, due to the fact that the date of signing this Assurance Report preceded the planned dates of these procedures completion.
We had no chance to verify that PJSC «GAZPROM» has received the conclusion on public verification by Non-Financial Reporting Board of the Russian Union of Industrialists and Entrepreneurs due to the fact that the date of signing this Assurance Report preceded the planned date of the procedure completion.
The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Report has been prepared, in all material respects, in accordance with the requirements of Standards to the report prepared in accordance with the Core option.

Limited Assurance Conclusion

Compliance of the Report with the GRI Sustainability Reporting Standards (Core option)

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Report has not complied, in all material aspects, with requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Core option.

FBK, LLC

V.Y.Skobarev

Practitioner
Partner
acting under Power of Attorney No. 76/18 of December 17, 2018
The Russian Federation, Moscow, September 4, 2019

TRANSLATION NOTE: Our report has been prepared in Russian and in English. In all matters of interpretation of information, views or opinions, the Russian version of our report takes precedence over the English version.

CONTACTS AND FEEDBACK

GRI 102-53

Should you have any questions regarding this *Sustainability Report*, please contact PJSC Gazprom's Department responsible for the common information policy.

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The Gazprom Group’s Sustainability Report for 2018 includes paintings by children of Gazprom's employees.

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Sladislava Andreyeva


Arina Sudak


Veronika Frolova


Inna Palyan


Darya Yurina

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Miroslava Finazhina

Yulia Maksimova

Olga Abdrakhmanova

Olga Kozachenko

Ksenia Chalysheva

Sofia Eremina

Lusine Derdzyan

Alexander Plekhov

Anastasiya Karpycheva

Varvara Kungurova

Darya Pyryseva

Ksenia Vakayeva

Sofia Polezhayeva

Timur Shevchenko

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